

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION



NOVEMBER 1960



The original Federal Reserve Board: It started a new chapter in U.S. monetary history (pages 2 and 43)

Banking's AMERICAN Story

(page 43)

Why Gold's Price Stays Fixed

(page 40)



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In This Issue

The Banking Story

THIS November issue is distinguished by an unusual report, "Banking's AMERICAN Story." It is, in effect, a short biographical sketch of the business as it has developed in this country—the personalities, places and changes that have influenced the evolution to the retailing concept of banking so prevalent today.

The canvass, a 16-page section of the magazine, is broad rather than detailed. You'll find many interesting pictures of men and scenes associated with and responsible for the story.

A Handful of Case Histories

THE case history, we think, is a pretty good vehicle for conveying from one bank to another—from one banker to you—the management, operating, public relations and other methods that save time and money, promote business and contribute to the general welfare of banking. The busy reader seeking workable ideas finds them in the stories of what banks are doing. We print several articles and many short items of that description each month.

For Instance . . .

IN this issue, for example, there are pieces on how one large bank is mechanizing its demand deposit accounting (page 61); another's "project manager" method of electronic development (p. 130); a large savings bank's employee training program (p. 152); a commercial bank's blueprint for a branch opening (p. 138); another's demonstration that automation needn't be limited to the big institutions (p. 94). And in "Cost Cutters" (p. 62) you'll find several practical operating ideas.

"How to Help Your Community Grow"

THAT'S the title of an article about bank cooperation in the important, progressive and productive activity, "community development." The phrase covers a rather wide field: area and industrial development, community rehabilitation, urban redevelopment; together they provide an opportunity for some highly enlightened self-interest.

Marguerite Beck's report in this issue (page 64) sketches the national picture—organizations and agencies, programing, methods of financing. The article concludes that "the greatest need seems to be for bank cooperation with realtors, utility firms, public officials and all other interested parties in leading, financing, and encouraging the evolution of their economic surroundings."

THIS MONTH'S COVER

THIS group, the first Federal Reserve Board, marks one of the most important milestones in Banking's AMERICAN Story, which is the title of a text-and-picture article beginning on page 43. Several other milestones are described and pictured there, too. Other articles on Banking's AMERICAN Story will appear in later issues.

The men in the cover picture are: seated, left to right, Charles Hamlin, first governor of the Board, Treasury Secretary McAdoo, and Frederic A. Delano; standing, left to right, Paul M. Warburg, John S. Williams, W. P. Harding, and Adolph Miller. The picture was made in 1914.

BANKING

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BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

COMPLETE — AUTHENTIC

CONTENTS

NOVEMBER 1960

*Some material belongs in several different classifications but
for your convenience is usually listed under one heading only*

HERE AND ABROAD

THE OUTLOOK AND CONDITION OF BUSINESS	
<i>William P. Bogie</i>	37
• DIGEST OF THE BUSINESS OUTLOOK	38
• CONDITION OF MONEY AND CREDIT (Charts)	38
WHY GOLD'S PRICE STAYS FIXED	40
WASHINGTON	<i>Thomas W. Miles</i> 41
BANKING'S AMERICAN STORY	<i>William R. Kuhns</i> 43
FROM SERVING A FEW TO SERVING EVERYBODY •	
BEFORE THE BEGINNING • FROM A FEW THOUSAND	
TO MILLIONS OF CUSTOMERS • THE START OF	
BANKING IN THE UNITED STATES AND . . . FIRST	
EFFORTS TOWARD A SOUND CURRENCY • THE DUAL	
BANKING SYSTEM—AND THEN THE AMERICAN	
BANKERS ASSOCIATION • FIRST HALF OF THE	
1900s: GIANT STRIDES, GENERALLY FORWARD •	
DEPRESSION, WAR, AND BOOM • AND NOW	
THE PRESIDENTIAL CAMPAIGN AND MONETARY	
POLICY	<i>Herbert Bratter</i> 59
HOW TO HELP YOUR COMMUNITY GROW	
<i>Marguerite Beck</i>	64
COMMERCIAL FINANCING AND FACTORING NOW A	
\$13-BILLION BUSINESS	<i>J. Carl Cook</i> 72
THE MONTH (Pictures)	89

BUSINESS DEVELOPMENT

BANKING'S BUSINESS BUILDING BULLETIN	77
• IDEAS AT WORK	<i>John L. Cooley</i> 77
• SPECIAL PROMOTION BUSINESS	83
• ADS AND AIDS THAT SELL SERVICES	84
YOUR PR IS SHOWING	152

THE COUNTRY BANKER

NEWS FOR COUNTRY BANKERS	90
FARM-CITY WEEK OPPORTUNITIES	
<i>Robert B. McMillen</i>	92

OPERATIONS AND PERSONNEL

BETTER METHODS AND SYSTEMS	61
• KEEPING REAL ESTATE LOAN TRUST FUNDS CUR-	
RENT	<i>Earl M. Marston</i> 63
ON-THE-JOB SERVICES	66
• WE FOLLOWED OUR CUSTOMERS TO THE SUBURBS	67
AUTOMATION WITHOUT ELECTRONICS	
<i>William E. Kuipers</i>	94
BLUEPRINT FOR A BRANCH OPENING	
<i>Frederic H. Phillips</i>	138

INVESTMENTS

BANKING'S INVESTMENT FORUM	4
• GOVERNMENT BONDS	<i>Murray Olyphant</i> 10
• THE INVESTMENT MARKETS	<i>H. Eugene Dickhuth</i> 14

NEWS

HEARD ALONG MAIN STREET	18
TRENDS IN MORTGAGE LENDING	
<i>Theodore Volckhausen</i>	68
BANK LAW NEWS	96
29 THESES BY SGSB CLASS OF 1960	100
BANKING NEWS	104
• SAVINGS	107
• INSTALMENT CREDIT	109
• HOUSING AND MORTGAGES	111
• CALENDAR	112
FOR THE GOOD OF THE ECONOMY—A.B.A. RESOLU-	
TIONS	114
THE CHANGING WORLD OF BANKING	<i>Mary B. Leach</i> 120
MORTGAGE WORKSHOP IN BOSTON	150
NEW BOOKS	168
WHAT'S NEW	<i>Ethel M. Bauer</i> 170

BANKING's Advertisers . . . 172

BANKING'S Investment Forum

The Prime Rate and Bank Earnings

What's happening in investment portfolio changes may be found on page 6, followed by some discussion of the "bills only" policy on page 7.

BANK-STOCK investors, who have been wondering when the continued high bank earnings and continued low bank dividends would somehow get together, have a new question before them: How will the latest reduction in the prime rate affect bank earnings?

According to M. A. Schapiro & Company, dealers in bank stocks, "... it will have no noticeable effect on this year's results," because bank earnings have already hit a record high for the year and little can happen to change that now.

Easier money conditions, which, of course, caused the decline in the prime rate, also had a plus value by enabling banks to realize a profit on their securities, rather than a loss, as happened last year.

The Schapiro Company adds that "For most large banks a further reduction in the prime rate would be necessary to reverse rising interest income from loans." It notes that the average yield on total loans runs considerably above the prime rate. It also points out that some loans were being made below the prime rate before it was reduced in August.

Looking toward the future, even if the Federal Reserve continues to ease credit conditions and another

prime rate reduction is necessary, the additional funds released to banks will enable them to increase their loans and investments. The Schapiro Company concludes that the greater volume in these earning assets will tend to offset the lower interest rates on operating revenues.

For the 12 months ended June 30, the 25 largest banks in the country showed total net operating earnings of \$685,700,000, up 21.5% over the \$564,500,000 earned in the previous 12 months' period. It is estimated that the earnings for these banks will reach \$725,000,000 this year, which will be 16% over the \$628,500,000 earned in 1959.

Net earnings have benefited this year, according to the Schapiro Company, from a rising profit margin. The 25 largest banks had to produce a 2.16% yield on loans and investments to break even during the period ending June 30. This is only an 8-point increase over the previous 12 months. This slight increase in required interest income was due to gains in such items as trust fees, commissions, foreign department earnings, service charges, etc. Actually, these banks showed a 4.57% yield, 2.41% above that required.

are to the effect that the economy may move sideways or witness a moderate decline, it is doubtful whether the cost of money will decline appreciably from the present level.

In a look at what lies ahead in economic activity, Dr. Nadler predicts that business will show a "moderate improvement during the last quarter of this year." He based his estimate on the belief that consumption expenditures by individuals for nondurable goods and services will continue to mount, Government expenditures will rise, and more mortgage money will be available to boost construction.

Dr. Nadler feels that the economy will need no further stimulus from the Federal Reserve before the end of the year. He noted that the Federal Reserve would act to halt the drain on gold from the country.

Before the same session of the seminar, Dr. Jules I. Bogen, professor of finance at NYU, stated that the demands for funds by the American economy, which declined by a fourth this year from the record 1959 total, are likely to remain at the lower level in 1961.

Dr. Bogen explained this reduction in demand was caused by the limited need for mortgage money, a decline in business borrowing, and a slackening in consumer credit expansion.

"The Federal Government's role in the money market is the big question mark for 1961," Dr. Bogen said. "If business activity should sag, reduced revenues and increased spending would mean a return to deficit financing. This year the Treasury and its agencies are actually reducing debt by some one billion dollars. Even a slight recession could mean net borrowing of several billion dollars next year by the Federal Government and its agencies."

Nadler Outlook on Interest Rates

THE decline in interest rates which began last spring has practically run its course, particularly in the short-term sector, Dr. Marcus Nadler, professor of finance at New York University, said before the annual investment seminar of the New York State Bankers Association. He added that a further moderate decline in long-term rates is quite possible, however.

The outlook for money rates during the first half of next year will depend on business activity and the international financial position of this country, he said. If the expected recovery continues, interest rates, particularly short-term rates, will be somewhat firmer than at present.

Dr. Nadler stated that even if business activity does not witness any improvement and all indications

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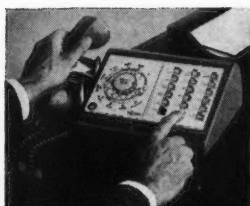
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Investment Portfolio Changes

BANK investors are one thing, but commercial investors fall into another category. Members of the latter group are invariably customers and depositors of banks, so what they are doing should be of interest to investment and trust officers.

Perhaps the best analysis of what has been happening in the investment markets is to report what the investment companies have been doing.

Great Variations

There are great variations, and no very definite conclusions can be drawn. Several million individuals and families make periodic investments because of their confidence in their country and in the American economy. The recipient investment corporations, in turn, invest unemotionally in what they think is in the best interest of their shareholders and their own companies. It reflects a cross-section on what the experts think of individual industries and the economy as a whole.

A Reservation on Too Many Stocks

One reservation must be made. One investment company may buy automobile stocks, while another sells them for the sole reason that it has too much in the way of automotive securities in relation to the rest of its portfolio.

With this preface, here is how the recent portfolio changes shapes up. There are balanced funds and common stock funds. Balanced funds have bonds, preferred stocks, and common stocks. Common stock funds have just common stocks.

Money Changes

In the event of a change from soft to hard money and vice versa, a balanced fund can switch from stocks into bonds and, again, vice versa. The common stock funds are restricted to their own position.

At any rate, what happened under the present unsettled conditions is that the balanced funds have been buying securities and the common stock funds have been retrenching. The balanced funds were less bearish, owing to their greater flexibility. Higher bond income could be offset

by lower stock income. The retrenchment among the common stock funds was wise, too, if one remembers what happened to the equity markets.

Despite different conceptions held elsewhere, professional investment managers who listen to staffs of analysts and then make up their own minds favored aircrafts, building, beverages, electronics, and drugs. Utilities are a natural for many reasons, in view of the increase in population and the growing use of electricity.

Fire insurance was also on the plus side of buying and so were tobaccos. There was also a friendlier attitude toward oils. North American Aviation and Upjohn were popular issues as well. The interest in foreign equities was also maintained. This is because of a higher return on invested capital and more favorable capital tax levies.

RCA and GTE

Generally speaking, thumbs were turned down on Radio Corporation of America and General Telephone & Electronics. In the meantime, the investment markets continue on a relatively even keel, subject to political and economic developments and the investigation of security analysts.

Items of Interest

Activity has been increasing in certain lines of business in the beginning of the autumn season. There has been a continuation of the high plateau, particularly in retail trade and in certain manufacturing lines, which is likely to continue and increase as the holiday season approaches.

There have also been disappointing aspects. Capital investment has leveled off rather than increased. The general expectation was for an increase of appreciable proportions. There has also been disappointment in banking quarters over the rate of growth, or lack of it, in over-all industrial production, personal income, and the gross national product.

For the time being, inflationary forces would seem to remain fairly quiescent. Banks should enjoy an easier credit environment.

—H. E. D.

"Bills Only" Policy Defended

FOR years the Open Market Committee of the Federal Reserve System has followed a policy of dealing mostly in bills. In recent months this policy has been under sharp attack by those who would like to see the Committee expand its operations into other areas of the market.

Ralph F. Leach, vice-president and treasurer of Morgan Guaranty Trust Company of New York, defended the present policy of the System in an address before the eleventh annual investment seminar of the New York State Bankers Association. The following is an excerpt from that address:

"... the most important single factor which has brought about the marked improvement in this [Government securities] market has been the continued adherence of the Federal Reserve System to the policy of conducting Open Market operations in the shortest maturity sector of the market. This policy is perhaps best described as 'bills preferably' rather than the more common but inaccurate 'bills only.' It has enabled the market mechanism to translate changes in supply and demand factors resulting from changing business conditions, credit policy, debt management techniques, and countless other items into varying levels of interest rates, and into the changing shapes of interest rate curves which these many factors can be expected to produce in a freely functioning market..."

"I would categorically say that in my opinion the so-called 'bills only' policy represents the greatest advance in central banking technique in the last decade. It is an advance toward, or perhaps one could better say a resumption of, a reliance on free markets which could profitably be studied by any Western country interested in the improvement of the internal market for the securities of that country.

"Unfortunately, this policy has been under continued attack from various quarters, largely political and

academic, and we can be confident this opposition will continue. These opponents of the current Fed policy seem to overlook one problem which a policy of operating throughout the entire market entails: Where can the Fed find the people who can decide at any given time whether interest rates should be $\frac{1}{8}$ or $\frac{1}{4}$ % higher or lower than the existing market appraisal? Since this is, and hopefully will continue to be a market economy, my question to them is: Why try? We have a mechanism which will provide the answer; why deny it the chance?

Can It Happen Again?

When one recalls the boom of the '20's and the ensuing crash, one is haunted by the question: Can it happen again?

... There are many danger signals flying today, and many disturbing points of comparison with the boom of the 1920's. Our Government owes an astronomical debt; private indebtedness is also at a record high. We are enjoying the good life on the instalment plan. Public participation in the stock market exceeds anything we have ever known. Taxes are high, yet it is a rare occurrence when government, at any level, can balance its budget.

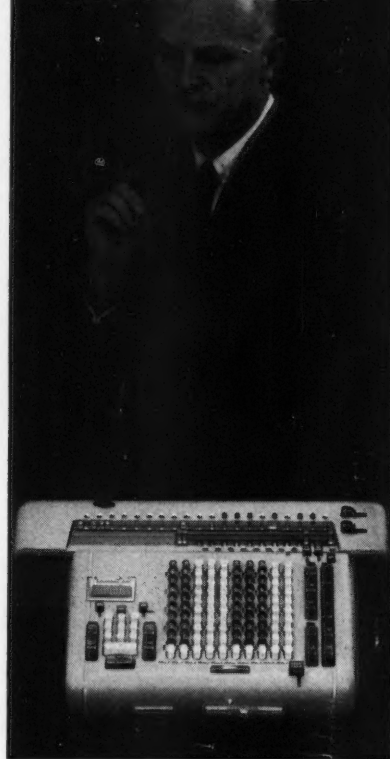
... Above all, the American economy is laboring under the imbalances caused by a generation of inflation. And it is this inflation, more than anything else, which undermines our economic strength.

... We must learn to scale down the mountain of boom and fill in the valley of bust, so that economic progress can be achieved at a sure and steady pace.—BERNARD BARRUCH in *The Public Years*

A Hopeful Mood

DESPITE all the glum talk and sliding figures, the surprising fact is that the mood of most U. S. business—particularly below the top stock market and banking levels—remains surprisingly hopeful. Taking a broad-scale view of the U. S. economy, Per Jacobsson, managing director of the International Monetary Fund, last week described 1960 as a period in which U. S. business had to adjust to the suddenly emerging discipline of foreign competition on the outside and removal of inflationary pressure on the inside.—*Time*

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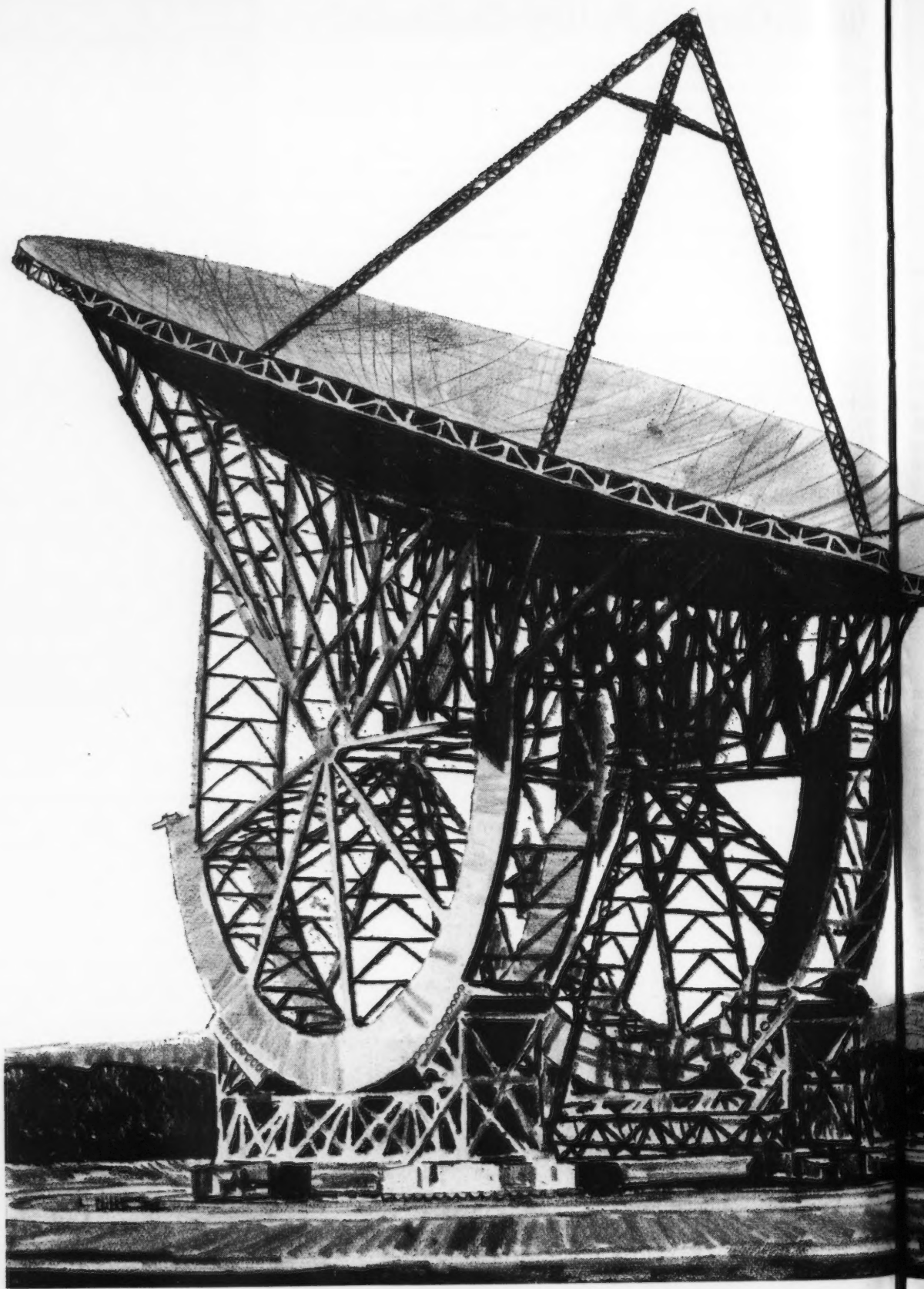
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GOVERNMENT BONDS

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Bill Rates Stabilize . . . Banks Increase Positive Reserves . . .

Rise in Bank Loans & Investments . . . October and November

Refunding . . . Outlook

MURRAY OLYPHANT

OPINIONS as to the health of the economy were freely expressed in conventions held during recent weeks. On the whole, these opinions were nearer unanimous than usual. Most speakers settled for the cautious view that there was really nothing threatening in the outlook. No one expected enough improvement in business volume to necessitate any change in the present easy money policies of the monetary authorities. For the most part, any thought of a business depression was regarded as wholly unjustified. Some expected a slight recession, perhaps, but of short duration.

Present economic levels with a good chance of moderate improvement before the end of the year were looked upon as a more satisfactory prospect than either a sharp improvement in business volume accompanied by inflationary prices or a real decline in economic activity.

This attitude seemed evident also in the action of the market for fixed income securities, especially the Government issues where there was no pronounced trend in prices. The continued outpouring of municipal

issues of all kinds did result in glutting the market for that type of security, but without any drastic change in price levels.

On the whole, most businessmen as well as managers of investment funds appeared to be simply waiting for some definite indication as to what might develop in the nation's economy.

Advance Refunding Successful

On September 9 the Treasury offered the holders of the four earliest maturing 2½% bonds the opportunity to exchange their holdings for new 3½% bonds. To give ample time for reaching a decision to exchange, which was necessary because of the character of the ownership of the 2½% bonds, the subscription books were held open from September 12 to 20.

The final result of this plan for advance refunding is shown in this table on page 12.

Treasury Pleased

The Treasury stated that it was "pleased with the investor response to the first major effort to lengthen

the maturity of the marketable debt through advance refunding." It pointed out that the results were (1) to lower the amount of maturities in seven to nine years by about \$4-billion, (2) to increase the amount of maturities of over 15 years from \$8.5-billion, and (3) to extend the maturity of the marketable debt from about 50 to about 57 months.

The 1% increase in the coupon rate without incurring any tax penalties proved a real inducement to the long-term investors who clearly provided the major portion of the subscriptions.

Market Unaffected by the Operation

The opinion of the Treasury that the advance refunding method could be carried out with much less effect on the market than the usual refunding of maturities (new issues or the issue of new securities for cash subscription) was proved to be correct.

Changes in the market prices for Government issues were very minor for the whole month of September.

That there was very little speculative interest in the 3½% bond issues was quite clear since the volume of market transactions in them was very small. It seemed that the new bonds were almost entirely taken to be retained by the investment type institutions. Note that of the total subscriptions of about \$4-billion, over \$3.6-billion came from "all others" and Government investment accounts, or about 90% of the new issues.

Bill Rates Stabilize

The average cost to the Treasury of the four weekly offerings of bills (CONTINUED ON PAGE 12)

Outlook

No pronounced change in the market prices for Government securities seems likely in the near future.

If the volume of business remains at about present levels or shows some moderate improvement, then interest rates should continue at just about present levels.

The monetary authorities can be expected to continue their present policy and to keep the cost of Treasury bills within the present price range.

To justify any material price changes there would have to be a decided alteration in the present outlook for business volume. There is no sign of such a change one way or the other.

The development of any price trend, up or down, seems very unlikely.



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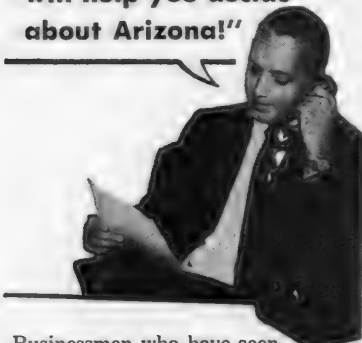
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(CONTINUED FROM PAGE 10)

during September varied very little from that of the previous month. For the 3-month bills the average cost was about 2.46%, against 2.42% for August. The 6-month bill cost average was 2.83% v. 2.70%.

The 3-month bills ranged from 2.654% to 2.286%. The 6-month bills from 2.925% to 2.729%. In every week maturities were replaced by like amounts of new bills.

It begins to look as though the monetary authorities were satisfied that the current price range for bills was about what it should be in relation to the present rediscount rate of 3%. Prices will vary from week to week in accordance with changes in the money factors, and the open market committee will continue to buy and sell bills in the open market to offset these changes, with the net result of holding bill costs within the relatively narrow range recently prevailing.

Banks Increase Reserves

Aided and abetted by the actions of the Open Market Committee, the member banks were able again to increase the amount of their free reserves. Around the middle of September these reserves rose one day to almost \$790,000,000 and, for the month, they averaged about \$455,000,000. A rise in the float to over \$1.5-billion in the week ending September 21 and an average of over \$1.1-billion for the month was a contributing factor.

While the gold stock declined \$268,000,000, this was partially offset by a shrinkage of \$170,000,000 in money in circulation.

From time to time the Open Market Committee bought bills in the open market; however, by September 28 the Federal portfolio was only \$58,000,000 higher than on September 7, but more were purchased in the following week. It looks as though the level of positive reserves could be permitted to show high unless there should be a further sharp upturn in bank loans.

Rise in Bank Loans and Investments

From August 24 to September 21 the reporting member banks increased their total of loans (adj.) by over \$2.4-billion, most of the rise being in commercial, agricultural and industrial loans (\$1.7-billion), while loans to carry securities rose over \$500,000,000. This was largely due to borrowing over the tax date and dropped off in the following week, so that for the month loans (adj.) rose \$94,000,000.

At the same time the banks added about \$688,000,000 to their Government holdings, about 2/3 of which was in Treasury bills. Other securities increased \$175,000,000.

The bank's ability to do this was attributed to the somewhat delayed effect of the decline in reserve requirements and the addition of some "vault cash" to reserve positions.

Treasury Advance Refunding

2½% bonds

Outstanding

\$2.110-billion 6/15/62/67

\$2.817-billion 12/15/63/68

\$3.740-billion 6/15/64/69

\$3.815-billion 12/15/64/69

Offered

3½% bonds 11/15/80

3½% bonds 2/15/90

3½% bonds 11/15/98

3½% bonds 11/15/98

Exchanged

\$644,000,000

\$993,000,000

\$2.343-billion

\$

Note:—The 3½% bonds 2/15/90 were in addition to \$1.727-billion of that issue already outstanding.

Subscriptions were received from the following categories of holders:

3½% bonds

	1980	1990	1998	Total
Individuals	\$ 26,000,000	\$ 23,000,000	\$ 71,000,000	\$119,000,000
Commercial Banks	\$ 94,000,000	\$ 47,000,000	\$115,000,000	\$256,000,000
All others	\$393,000,000	\$707,000,000	\$1.920-billion	\$3.020-billion
Total	\$513,000,000	\$777,000,000	\$2.106-billion	\$3.395-billion
Govt. Inv. accts.	\$131,000,000	\$216,000,000	\$236,000,000	\$584,000,000
	\$644,000,000	\$993,000,000	\$2,342-billion	\$3.979-billion

Note: The "all other" category includes insurance companies, mutual savings banks, corporations, private pension and retirement funds, pension, retirement and other funds of state and local governments, and dealers and brokers.

Oct. and Nov. Refunding

The October refunding came out just about as anticipated. There were \$2-billion of Treasury bills due on October 17. Some new cash was needed, so the Treasury offered \$1.5-billion of new 1-year bills and \$3.5-billion new tax anticipation bills due in June 1961 and carrying the tax and loan account privilege.

The new 1-year bills were offered first. These do not carry the tax and loan account privilege and are not subscribed for heavily by banks, so the cost to the Treasury could be over 3%. But \$500,000,000 of the maturity was to be paid off without renewal, and current holders of the maturity were expected to take the new bills possibly at somewhat over 3%.

The \$3.5-billion of new tax anticipation bills should cost the Treasury less, as banks are always hungry for the tax and loan accounts. An average cost of these bills to the Treasury might be not far from 2.85%.

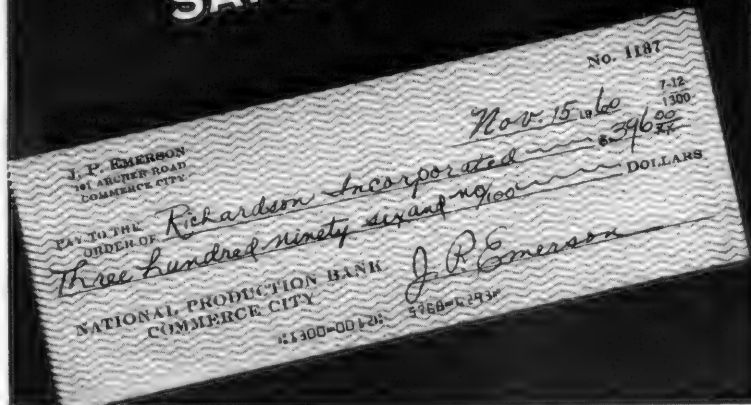
More interesting refunding is in prospect for this month when over \$10.8-billion of certificates and bonds mature. Less than half of these maturities are held by the Federal Reserve and Treasury investment accounts, and the \$3.5-billion of the maturing $2\frac{1}{8}\%$ bonds are held almost entirely by the public.

It is quite possible that the exchange offerings for these maturities will include a new security in the 5-10 year maturity range, since the success of the recent advance refunding left some room open in that area. A split offering of several new issues can be expected.



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THE INVESTMENT MARKETS

H. EUGENE DICKHUTH

ENIGMATIC is the word descriptive of the investment markets in recent weeks. Despite intermittent rallies, the stock markets got nowhere. In fact, occasionally, they made new lows in the perspective of the past 18 and 24 months. Wall Street felt that industrial earnings news was "depressing," and the international news was grim. There was much talk of a new recession in spite of the fact that 71,000,000 people were employed gainfully.

Then there were technical considerations. Was the market over-sold or under-sold? Nobody could answer that. The optimists said "yes" and the pessimists said "no."

The pessimists maintain that dividends in the third quarter will be disappointing. Lower profits, in turn, would affect Federal tax revenue. Such considerations, together with such questions as the outflow of gold, owing to higher imports, have been bothering the investors of late and this is reflected in the investment markets.

Declining Rates

Declining interest rates, supposedly a stimulant to business, did not help the equity markets, but they did provide a lift for the bond markets. Flotations of new long-term securities were fairly heavy, compared with the same period a year ago. This followed a relatively low volume of offerings in the first half of the year. The increase was most apparent in issues of corporations and of state and local governments. As mentioned in another article in this issue, market interest as shown in municipals was also in evidence in recent treasury financing operations.

Corporate offerings of stocks and bonds reached an estimated \$2.4-billion for the third quarter. This was not an historical high, but they were almost 20% larger than in the like 1959 period. Besides, it was the first quarter in 1960 which was ahead of last year.

The largest sellers in the long-term capital market, apparently, were sales finance companies. It seems there was a shift away from commercial bank financing. Finance companies had heavy demands made on them—estimated at \$450,000,000 in the third quarter. It was the largest volume since 1956 and it should lead to some soul-searching by commercial banks.

New Borrowings

There was also an increase in new borrowings by business and industrial corporations. Institutions other than finance companies offered about \$2-billion. This was slightly lower than in the second quarter of 1960, but well above 12 months previously.

Flotations of tax-exempt bonds displayed almost the same pattern. The Federal Reserve Bank of New York estimates the volume for the third quarter at about \$1.8-billion. This was a seasonal decline from the second quarter, but it was higher than a year ago for the first time this year.

This is understandable. Borrowing costs decline with lower interest rates. Corporations have to set aside less for the servicing of their debt, and municipalities and states can afford to install public improvements without raising tax rates, up to a point.

Easier availability of funds and lower yields, in the long run, benefit the investors as well, because of larger volumes of securities which are being offered. The foregoing figures are a fair example. This is important in this day and age when statutory pension and other trust funds are crying for investments.

Change in Yields

The changes in yields are not always spectacular, but the bigger the portfolio the more important they become. Average yields on tax-exempt municipals and on corporate bonds declined until their slight ad-

vance early in September. On high grade corporate bonds, the low was 4.23% and, at the end of the quarter, the figure was 4.27%.

High grade municipals on that date were 19 basis points above the average yield for the quarter of 3.18%. The closing level at the end of the third quarter was well below the level at the mid-year term and reflected easier money conditions. With over-all economic conditions as they are, barring unforeseen events, there are no reasons to expect radical changes in the immediate future, but rather a continuation of the existing trend.

Bank Rates

U.S. commercial banks with foreign exchange balances (which are assets and, in a sense, investments), had some uneasy times. There was an anticipated reduction in the British bank rate. There were day-to-day shortages which advanced sterling quotations to \$2.8167, the highest since May 1959. After a drop to \$2.8 late in September the rate climbed to \$2.8117 upon the offering of an attractive United Kingdom Treasury bond intended for nonresident investors.

There seems to be little to worry about in sterling at the moment.

Mortgage Funds

Much has been said and printed in recent weeks about the availability and possible unavailability of mortgage funds. Some spokesmen claim the relative decline in savings will make it impossible to keep up with the demand of builders and prospective home owners.

The other school of thought is that declining interest rates will make it easier for builders and borrowers. Spokesmen point with pride to the strength in housing starts which was reported in August on the upgrade and which, apparently, continued through September and early October, according to last reports.

Look what's new at the Harris Bank!

*This is just part of it—
turn the page for the rest*



**New home for a
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This is the enlarged
Harris building at Clark
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newest large banking
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service continues.

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*On October 24, the Chicago National Bank became a part of
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*On the same day, we "opened" our greatly expanded home at
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*Now, the Harris offers new and broader services—
personal services—for thousands of customers*

The Harris and Chicago National have always been complementary in the services they offer—Harris emphasizing its *commercial* business, Chicago National emphasizing its *personal banking* services. Now, under one roof, these services are brought together for the convenience of our many thousands of customers—new and old.

Harris Bank now adds a "Personal Banking" division that specializes in personal loans, home improvement loans, auto financing, consumer credit and special checking accounts.

We will continue, of course, with the serv-

ices that have long distinguished the Harris. Our Commercial Loan divisions, our large Trust Department, the Investment Department specializing in tax-exempt bonds, the Financial and Economic Research Department, and the International Banking Department with its network of correspondents in 99 countries.

Right now, every officer and employee of both banks is hard at work at the Harris, providing the personal attention that has long been a tradition in both banks.

Call on us soon, won't you? We look forward to serving you from the heart of the Midwest.



The new Savings Center is one of three lobbies. To the west is our Commercial Banking Lobby, and next to it is our new Personal Banking Lobby.



A closed circuit TV system allows our police officers to watch several areas of the bank from this one group of monitors.



The new Personal Banking division will serve our customers with special checking accounts, personal loans, auto loans and other forms of consumer credit.

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Compiled by Marguerite Beck

About People

AMONG BANKING'S American Success Stories: **WILLIAM G. ROBINSON**, director of Manufacturers Trust Company, New York, N.Y., and chairman of Coca-Cola Company of Atlanta and of N.Y. who worked his way through college as a salesman, has been presented Free Enterprise Awards Association's American Success Story Award. One of 11 winners this year, **MR. ROBINSON** was joined as representative of the banking profession by **RAGNAR BENSON**, director of National Security Bank of Chicago and director of Itasta (Ill.) State Bank, founder and chairman of Ragnar Benson, Inc., and

chairman of Marine Chemical Corp. **MR. BENSON**, immigrant from Sweden, was a \$5-a-week bricklayer, worked his way through business college, and now heads a top design, finance, engineering, and construction firm.

DONALD H. QUACKENBUSH, from assistant vice-president to vice-president, Arlington (Va.) Trust Company; **JAMES L. WILTSHIRE** becomes assistant treasurer.

WALTER W. PRICE, from executive vice-president and cashier, First National Bank of Elmwood Place, to

vice-president in charge of Elmwood Place office of First National Bank of Cincinnati, Ohio, following merger of the two banks.

HAROLD G. BROWNSON, from vice-president to senior vice-president, Irving Trust Company, New York, N.Y.

BURTON MORGAN SMITH becomes vice-president and cashier, First National Bank of South River, Leonia, N.J.; **CHARLES A. EBERWEIN** becomes vice-president and assistant trust officer.

WILLIAM W. ROBBIE, JR., former cashier at First National Bank of Kenosha, Wisc., joins newly-organized Illinois State Bank of Chicago, Ill., as cashier.

ROBERT P. BLAIR, JR., becomes assistant cashier at American National Bank and Trust Company of Danville, Va.

Puerto Rico Bankers Give to Blood Bank

The first major donation to the American Red Cross Blood Bank in Puerto Rico was presented by the Puerto Rican Bankers Association. Their check for \$15,000 will help emergency cases to obtain blood in the hospitals of Puerto Rico. *Left to right* are **Dr. Jose Luis Porrata**, president, Puerto Rican Chamber of Red Cross; **Rafael Carrion, Jr.**, president, Puerto Rican Bankers Association; **Robert Shea**, first vice-president, American Red Cross; **Webster Pullen**, vice-president, Puerto Rico Bankers Association



HALF a century ago, **ERNEST W. POTTER** began his banking career as a messenger. Last month, as president of Citizens Commercial and Savings Bank, Flint, Mich., he celebrated his 50 years in banking. The **POTTER** family name has also gone on to statewide banking leadership. **MR. POTTER's** son, **E. DAVISON POTTER**, president of City Bank and Trust Company in Jackson, Mich., recently completed a year as president of the Michigan Bankers Association.

HARRY SCHWARTZ, **E. KENNETH WALLACE**, both become vice-presidents at First Pennsylvania Banking and Trust Company, Philadelphia, Pa.

NICK HUSTON, Kansas City news reporter and announcer, joins City National Bank and Trust Company, Kansas City, Mo., as public relations director.

street

of **BANKING'S** staff

IRVING W. SKIDMORE, from assistant vice-president to vice-president, Citizens National Bank, Los Angeles.

WILLIAM NEBURKA, from vice-president to executive vice-president, Michigan Avenue National Bank of Chicago, Ill.

FREDERICK H. MORRIS, from vice-president and secretary to executive vice-president, Empire City Savings Bank, New York, N.Y.

ROBERT C. ENDERS, from Department of Banking, Commonwealth of Pennsylvania, to Bloomsburg Bank-Columbia County Trust Company, Bloomsburg, Pa., as bank president.

WILLIAM E. KELLEY, cashier, also becomes vice-president, The Framingham (Mass.) National Bank; ROBERT M. WASSERMAN becomes vice-president; GLENN W. VORCE becomes assistant cashier; WALTER H. TAUBERT becomes assistant cashier.

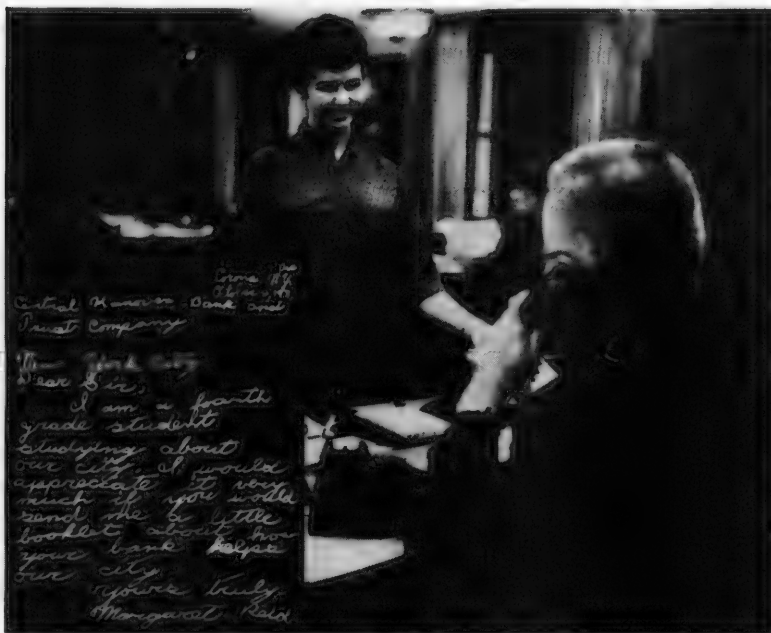
MANAGEMENT reorganization at Chase Manhattan Bank, New York, N. Y., puts George Champion and David Rockefeller in charge of administration under new titles.

Mr. Champion becomes board chairman, with an eye on bank operational and lending policies, investment of portfolio funds, and fiduciary responsibilities.

Mr. Rockefeller becomes president and chairman of the board's executive committee, and will oversee forward planning, with emphasis on manpower, facilities and markets, activities abroad and domestic expansion.

John J. McCloy, present board chairman, announces year-end retirement plans. Lawrence C. Marshall, executive director, will become board vice-chairman. George A. Roeder, Jr., senior vice-president, will become executive vice-president.

MARCUS J. WINFIELD, senior vice-



The Primer's First Reader Comes "Home"

"How The Hanover Bank Helps Our City," a 16-page banking primer published by The Hanover Bank in New York City, is reprinted every two years or so. It is still being used by grade school teachers here and in Canada nine years after being inspired by a letter from a little girl who wanted to know all about her bank. Margaret Reid, then a 9-year-old fourth grader, asked her bank for a booklet explaining just how the bank helps her city. There was no such booklet, so the bank made one overnight—simple, typewritten, with pictures clipped from magazines. Margaret came to lunch at the bank, and the booklet was born. Later it was made up in proper form, distributed, and reprinted. Margaret, 18 now, has joined the bank as a page girl—and says she's glad to be "home." Here she and a Hanover vice-president exchange words

president, retires from Marine Midland Trust Company of Southern New York, Binghamton, N.Y., after 48 years of service.

WILLIAM M. SUTHERLAND, who has been a branch manager, also becomes vice-president at Bank of America, Oakland, Calif., and now holds both titles.

Morgan Guaranty Trust Company of New York announces overseas promotions: CHARLES D'URSEL becomes vice-president and general manager, Brussels office; DONALD R. ATKIN and HERBERT A. BUSH become vice-presidents in the Lombard Street office, London; HENRY B. DYKE becomes a vice-president in Brussels.

HUBERT B. CHAPPELL, vice-president in charge of The Hanover Bank's London City office, has been elected president of the American

Chamber of Commerce in London for 1960-61; MR. CHAPPELL is a governor of the American Club in London, and the Lombard Club; he is honorary treasurer of the American Society in London and the American Relief Society.


CHARLES R. MURPHY, from cashier, Planters State Bank of Salina, Kans., to cashier, Security National Bank of Reno, Nev.

HENRY BAUER retires as treasurer, J. Henry Schroder Banking Corporation and Schroder Trust Company, New York, N.Y.

EDWARD W. HUMMERS, THOMAS J. MCGOWAN, both become assistant vice-presidents at Chase Manhattan Bank, New York, N.Y.

HUGH R. PINGREE becomes vice-president, First National Bank of

Oldest in Years
Modern in Service



EST 1873

**THE
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LTD.**

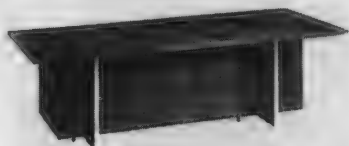
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THE LEOPOLD COMPANY
Burlington, Iowa

Hawaii, Honolulu; YOSHIYUKI OTOSHI, PAUL G. NELSON, JOHN T. HAMAMOTO, all become assistant cashiers.

GEHARDT W. PETERSEN, from secretary-treasurer, Greenbaum Mortgage Co., Chicago, Ill., to vice-president, First Commercial Bank, Chicago.

BRUCE BAIRD, president and chairman of National Savings and Trust Company, Washington, D.C., and member of the American Bankers Association's Government Borrowing Committee, died suddenly last month while vacationing in New Hampshire. MR. BAIRD, 67, was active in the District of Columbia Bankers Association and had served on the A.B.A.'s Savings Bond Committee for some years. His club memberships, and civic and charitable associations and responsibilities were widespread and active.

EDMUND F. MACDONALD, from assistant vice-president of the Federal Reserve Bank of Richmond, Va., to vice-president in charge of its Charlotte branch, succeeding THOMAS I. STORRS, recently executive vice-president of the Charlotte branch, who has joined North Carolina National Bank as executive vice-president in its Greensboro office.

EVEN before 1960-61 A.B.A. officers were elected, the first moves toward sponsoring a 1961-62 officer had been made. An April convention of the Georgia Bankers Association saw the sponsorship of favorite son M. MONROE KIMBREL, executive vice-

president of the First National Bank in Thomson, Ga., for the 1961 vice-presidency of the American Bankers Association.

In September, previous to the A.B.A. Convention at which this year's officers were elected, the Georgia Bankers Association published a folder announcing this endorsement and listing Mr. Kimbrel's achievements and honors. The list includes presidency of the Georgia Bankers Association from 1956-57; chairmanship of the A.B.A. Committee on Federal Legislation and its Committee on State Legislation, and membership in the A.B.A. Committee on State Legislation, 1957-60. MR. KIMBREL is state co-chairman of the Commission for the Observance of the 100th Anniversary of the National Banking System.

DICK SIMPSON, Commissioner of Banks for Arkansas, has been elected president of the National Association of Supervisors of State Banks; ROBERT L. MYERS, Secretary of Banking for Pennsylvania, becomes second vice-president. WILLIAM L. MURPHY, Secretary of Banks in California, becomes second vice-president; NORRIS E. HARTWELL, State Examiner for Wyoming, becomes third vice-president.

GEORGE A. NEWTON, partner, G. H. Walker & Co., St. Louis, Mo., has been nominated for the presidency of the Investment Bankers Association of America, to be confirmed at the association's annual convention beginning in late November at Hollywood, Fla.

Orlando Baby's Arrival Posted on Punch Card

New babies have been announced on check forms, deposit slips and even withdrawal blanks, but this is the first data processing card we've received announcing a blessed event. Mr. and Mrs. J. Harold Woolford (he's assistant cashier and manager of the data processing department of First National Bank at Orlando, Fla.) are the parents

FLORIDA SANITARIUM & HOSPITAL
ORLANDO, FLORIDA
SEPTEMBER 17, 1960

12:25
P. M.

IN PAYMENT OF DIVIDEND
Lawrence Jay Woolford

POUNDS	OUNCES
7	4

PAY TO THE ORDER OF

Mr. & Mrs. J. Harold Woolford
1903 Chamberlin Street
Orlando, Florida

A. S. Stevenson
PHYSICIAN



In the time it took you to "process" the baby last night...our night staff processed 4,000 cash items

Even if you're an old hand at this sort of thing, it probably takes you eight sleepy minutes to powder, pin, and pamper the baby back to sleep.

During those eight minutes, our night staff processes some 4,000 cash items. We average 500 a minute.

This means that many of the checks air-mailed to us in the afternoon are available funds by the following morning.

Our correspondents from coast to coast find this speed a very important advantage.

You and your customers will, too.

We'll be happy to send you full details, or have one of our people drop in at your office in person. Call us at STate 2-9000.

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NEW YORK TAIPEI

Do Your Directors
Read BANKING?

Credit Life
INSURANCE COMPANY
Springfield, Ohio

Licensed in all 50 States,
D. C. and Canada



(CONTINUED FROM PAGE 20)

WALTER C. BAKER, vice-president of Guaranty Trust Company of New York until his retirement in 1958, has been elected a vice-president of the Metropolitan Museum of Art in New York, N.Y. MR. BAKER is noted as a collector of drawings and classical antiquities.

JAMES F. LANGON, former national public relations of Junior Achievement, Inc., becomes public relations director at Bank of America's head office in San Francisco, Calif.

RICHARD J. RAIGEL, from assistant vice-president to vice-president, The County Trust Company, White Plains, N.Y.; B. FRED LANGWORTHY, GEORGE L. KASTIAN, STEPHEN C. BYELICK, all from assistant treasurer to assistant vice-president.

ROGER D. KNIGHT, JR., from president to chief executive officer, Denver U.S. National Bank, Denver, Colo., succeeding STEWART COSGRIFF, who resigns; MR. COSGRIFF is

Beauty Reigns at C & S

Miss and Jr. Miss smile nicely for the camera as 4-year-old Lisa Kim Weikle, daughter of Citizens and Southern National Bank (Atlanta, Ga.) employee O'Keith Weikle accepts roses after being chosen Little Miss C&S Atlanta from among 18 children of C&S employees. Peggy Wilson, Miss C&S Atlanta, Sr. style, gives Lisa a little encouragement



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Of Dollars
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Present
Income

with the Imported Products of THE WALTHAM COMPANY, in beautiful "sight selling" display cases. We are appointing Distributors in your area, where we shall select & stock locations. Your activities will be to service each location, collect & restock. You do no selling. This is a dignified independent business of your own, without interfering with your present employment, takes only a few hours per week. All merchandise fully guaranteed, both to dealer & consumer. Inventory 100% exchangeable. We will get you started right. Minimum investment \$1192.50 cash necessary. Your investment covers Distributorship, Inventory & Display Units. YOU MAY EARN BACK THE ENTIRE ORIGINAL INVESTMENT THROUGH OUR REORDER BONUS PLAN. Applicants who can qualify will be appointed as local distributors, must be responsible, a permanent resident, have use of car. Write today giving name, address & phone number to:

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Robert Morris Associates Elect Officers

G. Kenneth Crowther, vice-president Morgan Guaranty Trust Company of New York, N.Y., has been elected president of the Robert Morris Associates for 1960-61. New first vice-president is William M. Edens, second vice-president, Continental Illinois National Bank and Trust Company of Chicago; new second vice-president is Eugene M. Howard, vice-president, American Fletcher National Bank and Trust Company, Indianapolis

succeeded in his post as board chairman by CRIS DOBBINS, president of the Ideal Cement Company.

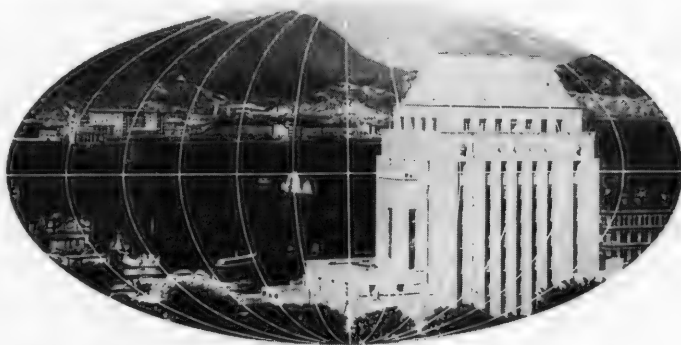
THOMAS D. ANDERSON becomes vice-president and trust officer, National Bank of Commerce, Houston, Tex.

CLIFFORD A. LANIER becomes assistant vice-president, First National Bank of Montgomery, Ala.

ROBERT W. P. MORSE, vice-president, also becomes treasurer at Dime Savings Bank of Brooklyn, N. Y.; ANDREW D. WILSON, ALFRED J. TRIA, both become vice-presidents.

FRANK G. MCCLINTOCK, from general vice-president to executive vice-president, First National Bank and Trust Company of Tulsa, Okla.; JOHN L. ROBERTSON, ROBERT E. DA-
(CONTINUED ON PAGE 25)

HEAD OFFICE OF THE HONGKONG AND SHANGHAI
BANKING CORPORATION, HONG KONG



If you do business world-wide... call on the international bank

The Hongkong Bank, with its subsidiaries, has 111 branches in Europe, Asia Minor, Asia and America. Together with the Bank's correspondents in Australia, Africa and South America, complete domestic and international banking facilities are offered throughout the world.



THE HONGKONG AND SHANGHAI BANKING CORPORATION

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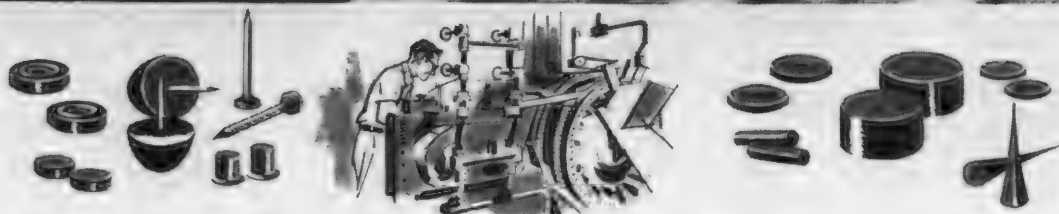
LOS ANGELES: 212 West Seventh Street

NEW YORK: 72 Wall Street

Total Assets More than \$1,120,000,000

OUR NINETY-SIXTH YEAR IN WORLD-WIDE BANKING

EAGLE-PICHER / Manufacturer's Manufacturer



Up to 200,000 precision molded rubber parts per day—production on a single fully-automated machine.

Many of the components Eagle-Picher manufactures for other manufacturers are the result of research and development to meet an individualized industrial need. Typical are the Eagle-Picher precision-molded rubber products turned out by the world's first fully-automated continuous molding process.

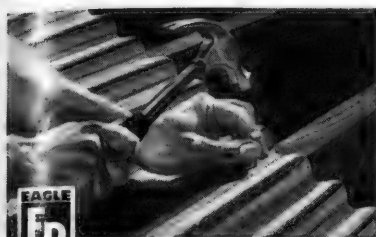
Such miniature rubber parts had been relatively expensive because of the need for dimensional accuracy (tolerances to 0.003 of an inch), uniformity and compound control. Now at the Stratford, Connecticut plant of Eagle-Picher's Ohio Rubber Company, a single machine can turn out 200,000 of these in a day, all meeting our customers' exact-

ing specifications. Production includes such items as nail and faucet washers, shock absorber seals, electric condenser caps, tack bumpers, engine valve stem deflectors and detonator plugs.

Conformity to specifications, substantial savings and prompt delivery have led to the selection of Eagle-Picher as the preferred source for a wide cross-section of raw materials and components in such industries as the automotive, appliance, building, pharmaceutical, chemical, container and many others. You may find that our production skills and engineering ingenuity can offer you marked advantages, including substantial cost reductions. We welcome your inquiries.



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AND PRINCIPAL PRODUCTS



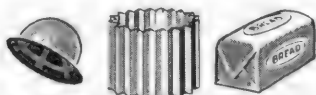
CHEMICALS AND METALS DIVISION

Zinc and lead pigments and oxides ★ Special purpose electric power supplies ★ Electronic grade germanium, gallium, cadmium sulphide ★ Sulphuric acid ★ Slab zinc ★ Cadmium ★ Chat.



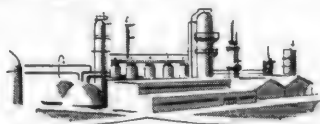
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Porcelain enamel frits for home appliances, plumbing ware, lighting fixtures, architectural paneling, outdoor signs and other products requiring protective finishes ★ "Lusterlite" all-porcelain enameled gasoline service stations.



FABRICON PRODUCTS

Waxed paper, polyethylene and cellophane wrappers ★ "Lamin-Art" decorative plastic sheets ★ Molded plastic parts ★ Custom impregnated papers, textiles and glass cloth ★ Automotive parts, such as door trim panels, trunk liners, dash insulator mats and glove boxes.



INSULATION DIVISION

Insulating cements, blocks, blankets, felts, pipe covering ★ Diatomite filter aids, aggregates, absorbents, catalyst supports.



THE OHIO RUBBER COMPANY

Molded and extruded rubber parts for the automotive, agricultural equipment, electrical appliance, toy and other industries ★ Natural, synthetic and silicone rubber products ★ Semi-pneumatic tires ★ Flexible vinyl parts ★ Rubber-to-metal parts ★ Polyurethane products.



(CONTINUED FROM PAGE 23)

VIS, both become senior vice-presidents.

EDWIN F. SHERWOOD, from senior vice-president, Merchants and Farmers Bank, Smithfield, Va., to vice-president, Clarendon Trust Company, Arlington, Va.

GEORGE L. LORIMER, JR., who has been a bank executive in Seattle, Wash., has joined Bank of California, N.A., in San Francisco, as assistant vice-president.

W HOA, there! The 11 members of the newly-formed 25-Years-and-Over-Club of Citizens National Bank, Gastonia, N.C., have a total of 405 years experience with that bank. They include PEARL WILSON, 33 years; ALLEN H. SIMS, president, 40 years; A. G. MYERS, board chairman, 55 years; MRS. ROGER GRIER, 38 years. RUFUS JACKSON, assistant cashier, 49 years; G. G. WILLIS, assistant cashier, 41 years; ROBERT

ROSEBRO, trust officer, 26 years; LACY FAUST, vice-president, 29 years; G. N. HENSON, JR., vice-president and cashier, 31 years; LUTHER ANTHONY, 35 years; and GLEN FERGUSON, vice-president, 25 years. Typical bank experience is this long-service record.

Two 50-year veterans retire from Continental Illinois National Bank and Trust Company, Chicago. LESTER T. BOE, vice-president, and REYNOLD H. GOLTERMAN, member of the loan division, together totaled a century of bank service this year, and retired within a day of each other.

T OP Robert Morris honors go to a California banker: RODGERS L. WYCKOFF, vice-president, Security First National Bank, Los Angeles, Calif., was presented with Robert Morris Associates' Distinguished Service Award and Life Membership. Other Security officers who have received Robert Morris recognition have been CHESTER A. RUDE, board vice-chairman and THEODORE W. JOHNSON, vice-president and senior loan administrator, both past national presidents; ROBERT J. SEVITZ, vice-president; WILSON R. ARNETT, vice-presi-

"Fly-In" Deposit Service Announced by Philly Bank

Fidelity-Philadelphia (Pa.) Trust Company, whose International Airport branch has been servicing airport personnel and plane travelers for some five years, has formally announced a "fly-in banking service," to accommodate businesses and industrial firms and flying enthusiasts located in the outer reaches of the Delaware Valley. Don Ebner, manager of the branch, accepts a customer's deposit under the watchful eyes of a bank guard. Some firms send deposits via their own planes and helicopters, while others send deposits via plane rental service, Mr. Ebner says.



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TIMELY EVENTS

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dent; MARION C. TROSTER, vice-president and senior loan administrator.

W. HINTON CLANTON, general auditor, also becomes vice-president, Citizens and Southern National Bank, Atlanta, Ga.; C. W. CLONTS, trust operations officer, also becomes vice-president; GEORGE H. BOGGS becomes assistant vice-president; RONALD J. WILLIAMS, becomes assistant cashier.

ALBERT L. MCALLISTER, ELLIOT K. KNUTSON, become assistant vice-presidents, Seattle-First National Bank, Seattle, Wash.

RAY HEATHERTON, radio-TV personality, has joined Franklin National Bank, Franklin Square, L. I., N.Y., as public relations officer.

WILLIAM CULLEN KEHOE becomes assistant vice-president, First National Bank of Memphis, Tenn.; EDWARD T. HAMLET becomes assistant cashier.

RODOLPHE HUART, from assistant vice-president to vice-president, National Bank of Toledo, Ohio; W. A. TAYLOR, CHARLES H. STRAYER, from assistant vice-presidents to vice-presidents.

MASAJI MARUMOTO, retired associated justice of the supreme court of Hawaii, has been elected to the board of directors of Bank of Hawaii, succeeding L. A. HICKS, finance committee chairman, The Hawaiian Electric Company, who is retiring.

GORDON A. RAMSAY III becomes assistant cashier at The Northlake Bank, Northlake, Ill.

JOHN W. RHEINER, JR., becomes vice-president, Mechanics National Bank of Burlington, N.J.

HAROLD V. MENDELSON becomes vice-president at Equitable Leasing Corp., New York; MR. MENDELSON has been assistant cashier at First National City Bank of New York.

NELSON M. MCKERNAN becomes executive vice-president, National Bank of Malvern, Pa.

ROBERT W. HAMILTON, from Penn Mutual Life Insurance Company of



Border Bank Crosses the Line

THEY'VE moved FIRST NATIONAL BANK OF ANTHONY, Tex., across the border. It's in New Mexico now.

Anthony is a border town, halfway between Las Cruces, New Mexico and El Paso, Texas. FIRST NATIONAL began looking for a new site for its main office, and found the Texas side of town full up, since New Mexico has a sales tax on goods sold at retail, and most of the business houses have located on the Texas side. Since the state sales tax doesn't affect banking, and since a national bank may move across state lines if it meets certain provisions in its articles of association, FIRST NATIONAL decided to take a handsome location north of the border—on the New Mexico side of town.

America, to Trenton (N.J.) Trust Company as vice-president.

BERYL E. HOWARD becomes assistant cashier, Federal Reserve Bank of Atlanta, Ga.

FREDERICK P. PERKINS, senior vice-president, Aetna Life Insurance Company, joins Connecticut Bank and Trust Company as a director.

ALVAH R. MILLS joins Federal Reserve Bank of Cleveland, Ohio, as assistant general auditor.

(CONTINUED ON PAGE 29)

SOME 4000 YEARS AGO, Egyptian rulers attempted to achieve eternal security by erecting huge monuments to their gods. The pyramids still rank among the great engineering feats of all time. Massive stone blocks weighing up to 45 tons were moved into position by manpower alone. It is said that three hundred and sixty thousand men labored for twenty years to build just one pyramid.

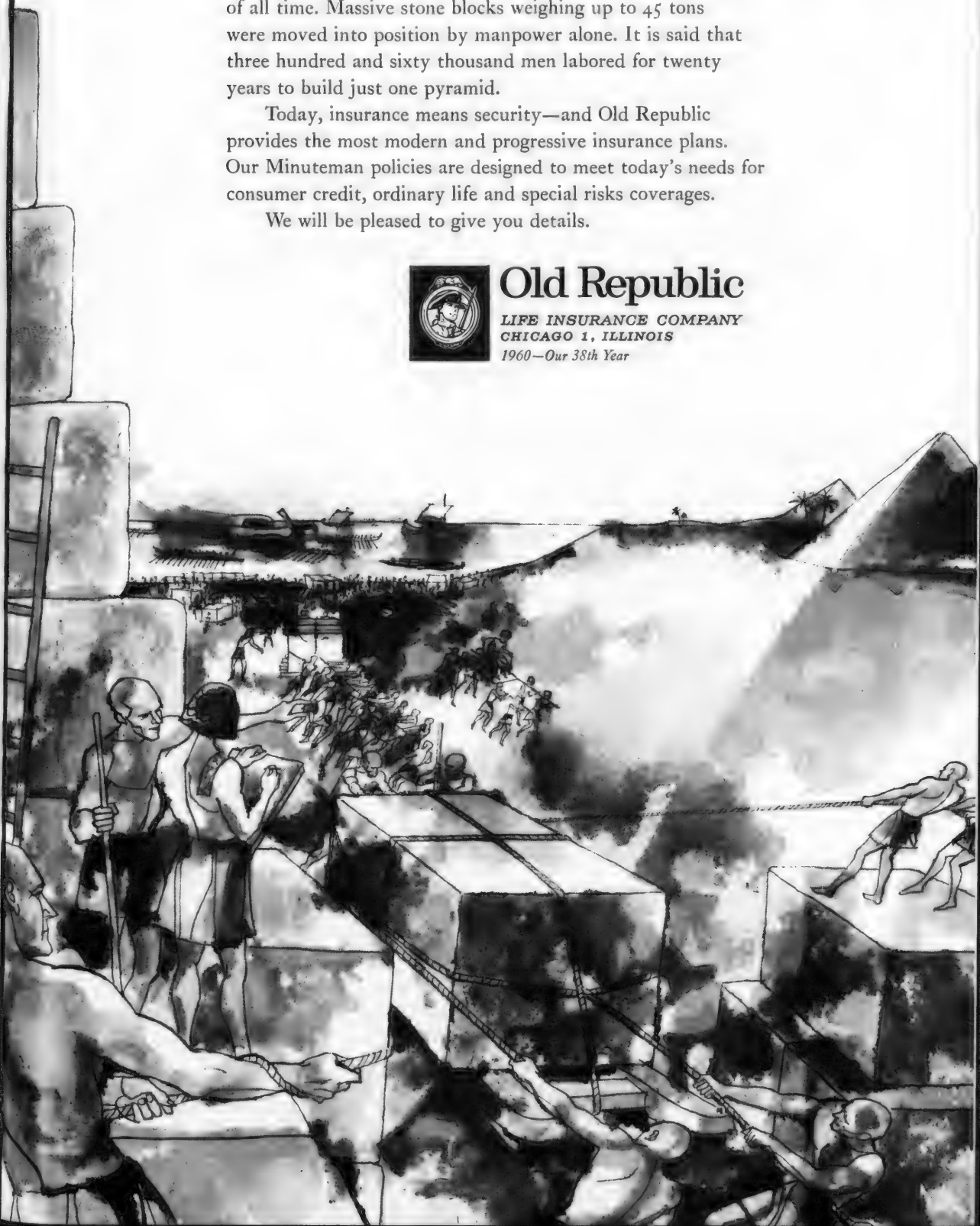
Today, insurance means security—and Old Republic provides the most modern and progressive insurance plans. Our Minuteman policies are designed to meet today's needs for consumer credit, ordinary life and special risks coverages.

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we provide businessmen with letters of introduction
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THE FIRST NATIONAL CITY BANK OF NEW YORK, of course!
Member Federal Deposit Insurance Corporation, naturally



(CONTINUED FROM PAGE 26)

JAMES J. PREBLE, from vice-president to executive vice-president, Riverside Trust Company, Hartford, Conn.; CARLYLE S. BELL, from vice-president to senior vice-president.

E. H. (TED) VAN FOSSEN retires after an over-44-year career with the Tacoma office of Bank of California.

First U.S. Southern Corporation, Miami, Fla., land investment, development, general insurance, utility, and mining royalty firm, announces three new directors from banking circles: ORIN F. ROGERS, who has been executive vice-president of Miami National Bank, and now is president of the corporation; C. JOSEPH SNYDER, who has been vice-president at Republic National Bank, Dallas, Tex., and now is the corporation's board chairman; and H. E. SHAW, who is

president of Boynton Beach State Bank and vice-president and director of American National Bank in Fort Lauderdale.

MILES J. BOYER, joins North Carolina National Bank, Charlotte, as assistant vice-president and bank building officer. MR. BOYER has been in construction and building engineering.

PAUL C. VANDERMEL, trust officer, from assistant vice-president to vice-president, State Bank of Albany, N.Y.; SALLY S. KILLOUGH becomes assistant trust officer.

RICHARD NAUMANN becomes cashier, Northwestern National Bank of Minneapolis, Minn.; WILLIAM T. ARNOLD becomes assistant vice-president; C. HARRY ST. CYR assistant trust officer.

SIDNEY W. COE, from vice-president Irving Trust Company, New York, N.Y., to financial vice-president, Nationwide Insurance, Columbus, Ohio.

Big Quiz Show Prize Comes in for Cashing

This two-pound check, in the sum of \$1,000, was the big prize on Tom Haley's Give 'N Take a Wild Guess Show on KYW-TV in Cleveland, Ohio recently. Winner Alice Lilley got her cash after the huge check, 5'x2' in dimension, went through the usual clearing operations at National City Bank of Cleveland, a very weighty job. Here, Richard Van Horn, assistant cashier stops to let Brenda Thomas record the check on her machine in the check distributing department of the bank



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Paris, Alexandria, Beyrouth, Baghdad, Teheran, Karachi
Bombay, New Delhi, Calcutta, Rangoon, Bangkok
Vientiane, Phnom-Penh, Saigon, Kuala Lumpur
Singapore, Djakarta, Manila, Hong Kong, Sydney

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BANK OF TOKYO

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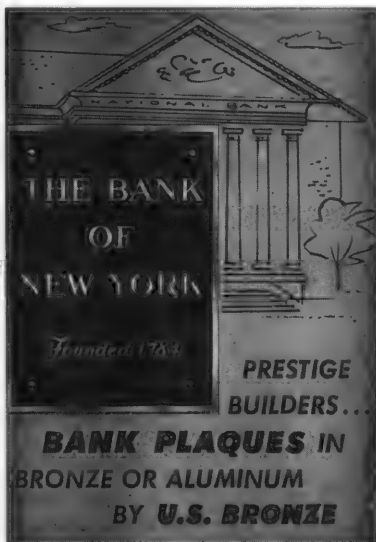
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Recommended for your business giving at any time because it answers a universal family need, this unique book is designed for recording details of all vital facts . . . Insurance Policies, Bank Accounts, Securities, Real Estate, Business Information, Social Security, etc. . . . concisely, in one place for quick, easy reference. Wire-O bound, with a fine simulated leather cover, it is designed for a lifetime of use. Pages carrying your advertising message can be bound anywhere in the book. Individually boxed, and imprinted in gold with your name or trademark, at no extra cost.

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About Banks

RAPIDES BANK AND TRUST COMPANY, Alexandria, La., opens its new Pineville office.

SUBURBAN TRUST COMPANY, Hyattsville, Md., and BANK OF MARYLAND, announce merger, pending approvals.

EASTERN NATIONAL BANK OF LONG ISLAND, New Hyde Park, announces new Smithtown branch site.

COMMERCIAL NATIONAL BANK OF KINSTON and WACHOVIA BANK AND TRUST COMPANY, Winston-Salem, N.C., announce merger plans.

QUITE a toast! When the first spade of dirt was turned in groundbreaking ceremonies for the new Lawrence Welk-UNION BANK Building in Santa Monica, Calif., the famous Lawrence Welk champagne bubbles soared into the air over Wilshire Boulevard. The building is slated for completion in fall of 1961.

MORGAN GUARANTY TRUST COMPANY, New York, N.Y., opens its second London office, overlooking Berkeley Square.

THE OREGON BANK opens new Pendleton, Oreg., branch.

BIRMINGHAM (Ala.) TRUST NATIONAL BANK moves its Mountain Brook branch.

NEWS from North Africa: THE INTERNATIONAL BANKING CORPORATION OF TANGIER is liquidating, since the integration of the International Zone of Tangier into the kingdom of Morocco obviates Tangier's economic and financial advantages, according to James Suriñach Oller, president and liquidator. The CORPORATION has been an A.B.A. member for many years.

CITIZENS FIDELITY BANK AND TRUST COMPANY, Louisville, Ky., has opened a Jeffersontown office.

FOR the first time in Heart Fund history—and banking history, so far as we know—ten Chicago banks will open their doors on Heart Sunday night—February 26—to accept and (CONTINUED ON PAGE 32)

FIRST NATIONAL BANK IN DALLAS

STATEMENT OF CONDITION



at the close of business September 30, 1960

ASSETS

Cash on Hand and Due from Banks	\$243,655,558.87
United States Government Obligations . . . \$107,332,088.16	
Public Housing Authority Obligations (Fully Guaranteed)	4,785,116.44
State, County, and Municipal Bonds	28,482,364.66
Other Bonds	140,599,569.26
Stock in Federal Reserve Bank	2,900,900.00
Loans and Discounts	1,800,000.00
Income Accrued	444,583,370.20
Letters of Credit and Acceptances	3,817,842.96
Banking House and Equipment	2,880,967.16
Other Assets	8,139,791.00
	174,855.37
	<u>\$848,552,854.82</u>

LIABILITIES

Capital Stock	\$ 26,000,000.00
Surplus Fund	34,000,000.00
Undivided Profits	8,441,611.30
Reserved for Contingencies	\$ 68,441,611.30
Reserved for Taxes, Etc.	9,482,896.68
Deferred Income	6,881,639.09
Letters of Credit and Acceptances	2,803,539.12
Bonds Sold Under Repurchase Agreement	2,880,967.16
	15,675,000.00

DEPOSITS:

Individual	\$516,897,875.88
Banks	203,830,582.22
U. S. Government	21,658,743.37
	742,387,201.47
	<u>\$848,552,854.82</u>

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FIRSTMEN TELESCOPE DISTANCE! Correspondent banks are visited regularly by officers of the First in Dallas. Personal calls enable Firstmen to give follow-through attention to correspondent services and to develop new and better service ideas.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION





(CONTINUED FROM PAGE 30)

process contributions to the Heart Fund. The banks that will be opening their hearts to the fund are UNION NATIONAL BANK OF CHICAGO; SOUTH CHICAGO SAVINGS BANK; NATIONAL BANK OF AUSTIN; NATIONAL BANK OF HYDE PARK IN CHICAGO; STATE BANK OF CLEARING; MAIN STATE BANK; DEVON NORTHTOWN STATE BANK; UPTOWN NATIONAL BANK OF CHICAGO; JEFFERSON STATE BANK; and DROVERS NATIONAL BANK. During a 3-hour period on that Sunday afternoon, volunteer's will be canvassing the Chicago area for funds to pay for the expansion of the Chicago Heart Association's research, education and service programs.

WAITING to see how this one works: canopies over drive-in teller windows are never high enough for the forgetful auto-driver with a luggage or equipment rack on top. Many's the drive-in canopy that's been plowed in by vehicles that literally don't know their own height or strength. SECURITY FIRST NATIONAL BANK, Fresno, Calif., is trying this solution: a lightweight wood "break-away" archway of lightweight wood, carrying height clearance information, is being put up before the canopy, with clearances clearly printed on it. The theory is that those who can't read and plow into the arch will cause less damage than they could do to a canopy, and stop before hitting a second obstacle. We're waiting to hear what happens.

PROVIDENT TRADESMEN'S BANK AND TRUST COMPANY, Philadelphia, Pa., and COLLEGEVILLE NATIONAL BANK, announce merger ending approvals.

BERGENFIELD (N.J.) NATIONAL BANK AND TRUST COMPANY merges into CITIZENS NATIONAL BANK OF ENGLEWOOD, N.J.

NATIONAL BANK OF WESTCHESTER, White Plains, N.Y., and GRAMATAN NATIONAL BANK AND TRUST COMPANY OF BRONXVILLE merge.

SEATTLE-FIRST NATIONAL BANK, Seattle, Wash., receives "Socrates

High Award of the Year", for excellence in advertising, presented by Vincent Edwards & Co., Boston, Mass.

PITTSBURGH's pennant-winning Pirates, pride and joy of that baseball-happy town, kept its bank very busy with baseball doings before and during the World Series, which opened in Pittsburgh, Pa., on October 5. Mellon National Bank, the club's official bank, was the scene of much ado when some 140,000 World Series ticket applications were processed on its premises. As an additional service to its team, the bank kept ready to handle ticket refunds in case the six and seventh series games were not played.

FIRST PENNSYLVANIA BANKING AND TRUST COMPANY opens branch in Levittown, Pa.

BOARDWALK NATIONAL BANK, Atlantic City, N.J., and PEOPLES BANK AND TRUST COMPANY, merge.

COMMUNITY SAVINGS BANK OF ROCHESTER, N.Y., announces plans for a Pittsford office.

FIRST NATIONAL BANK OF SAN JOSE, Calif., breaks ground for its new Hamilton-Meridian office.

FIRST PENNSYLVANIA BANKING AND TRUST COMPANY announces new branch to be built in Tullytown, Bucks County.

Financial World awards a bronze "Oscar-of-Industry" trophy to FORT WORTH (Tex.) NATIONAL BANK for having issued the best stockholder annual report of all national banks in its 20th annual report survey.

UNION BANK AND TRUST COMPANY OF BETHLEHEM, and LIBERTY BANK AND TRUST COMPANY, Allentown, Pa., agree to merger.

LONG ISLAND TRUST COMPANY opens its twelfth office in South Freeport, L.I., N.Y.

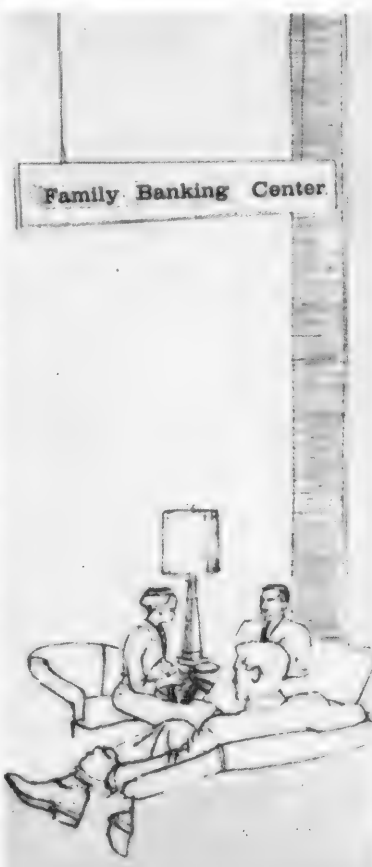
CITIZENS NATIONAL BANK OF ENGLEWOOD, N.J., and BERGENFIELD NATIONAL BANK AND TRUST COMPANY merge.

NORTHWESTERN BANK, St. Louis, Mo., breaks ground for new drive-up facility.

Bank Sets Scene For Counseling

A LARGE, carpeted, well-upholstered living room-office has been installed on the main floor at Continental Illinois National Bank and Trust Company of Chicago, Ill. It's a family banking center—made for visiting, and meant to encourage customers to stop in for professional counseling on financial problems.

All bank services for the family can be handled in this one center. It's meant to encourage a customer to choose a "personal" banker—one to call, write, or visit whenever a money situation needs a little talking over and, perhaps, a banking solution. The material distributed by the bank to customers makes it clear that it's not just a spot to come and visit in "financial ill health," but to come to consult on how to best use bank's services for a family's financial growth.





First IBM "Total Banking System" Installed

Republic National Bank of Dallas fully automates their demand deposit accounts

Complete servicing of demand deposit accounts is now being handled by IBM Magnetic Character Sensing Equipment linked to a IBM RAMAC® 650 Tape System.

Data printed and inscribed in magnetic ink is read from the check directly to the computer. All accounts are updated on a continuous basis in random order.

Results: High speed check sorting...mechanized audit controls...computation of service charges on a current basis...account analysis...daily trial balance...statement preparation...management reports. What's more, two unique random access inquiry stations allow immediate reference to any account information desired.

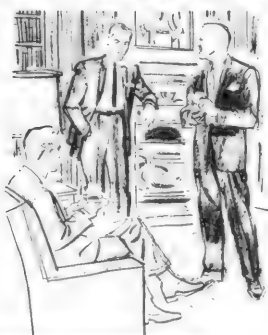
Additional applications being handled by Republic National's Data Processing System include Installment Loan Accounting, Commercial Loan Accounting and Travelers' Checks.

The IBM "Total Banking System" can readily be adapted to meet the needs of your bank. Let your IBM Banking Representative show you just how helpful it can be. Call him today.

IBM
DATA PROCESSING



AN EXPANDED BANKING HOUSE



A bank's position of leadership in its area is measured both by the lat the significance of its customers and by their number. As the principal bank of important businesses, industries, and banks reflecte in this area, The National Bank of Commerce of Ho ton has ver, expanded to serve its customers more effectively d more found, efficiently. This tradition of leadership is evidence by the lism leaders in business and industry who make up t board in you of directors and advisory directors of the Bank. e prin workin principles on which this leadership is based were laid down by rom i



SEFOI PROFESSIONAL BANKING

both by the late George H. Jones and are still the Bank's credo. As the quiet dignity necessary for thoughtful financial help is reflected in the painting below of the officers' platform. However, the design throughout the expanded Bank shows the conservative roots on which it is built. This professionalism is the core of the Bank's operations; it can help you board your bank in all phases of banking. You'll appreciate the principle of working with experienced professional bankers. You'll profit from it, too.

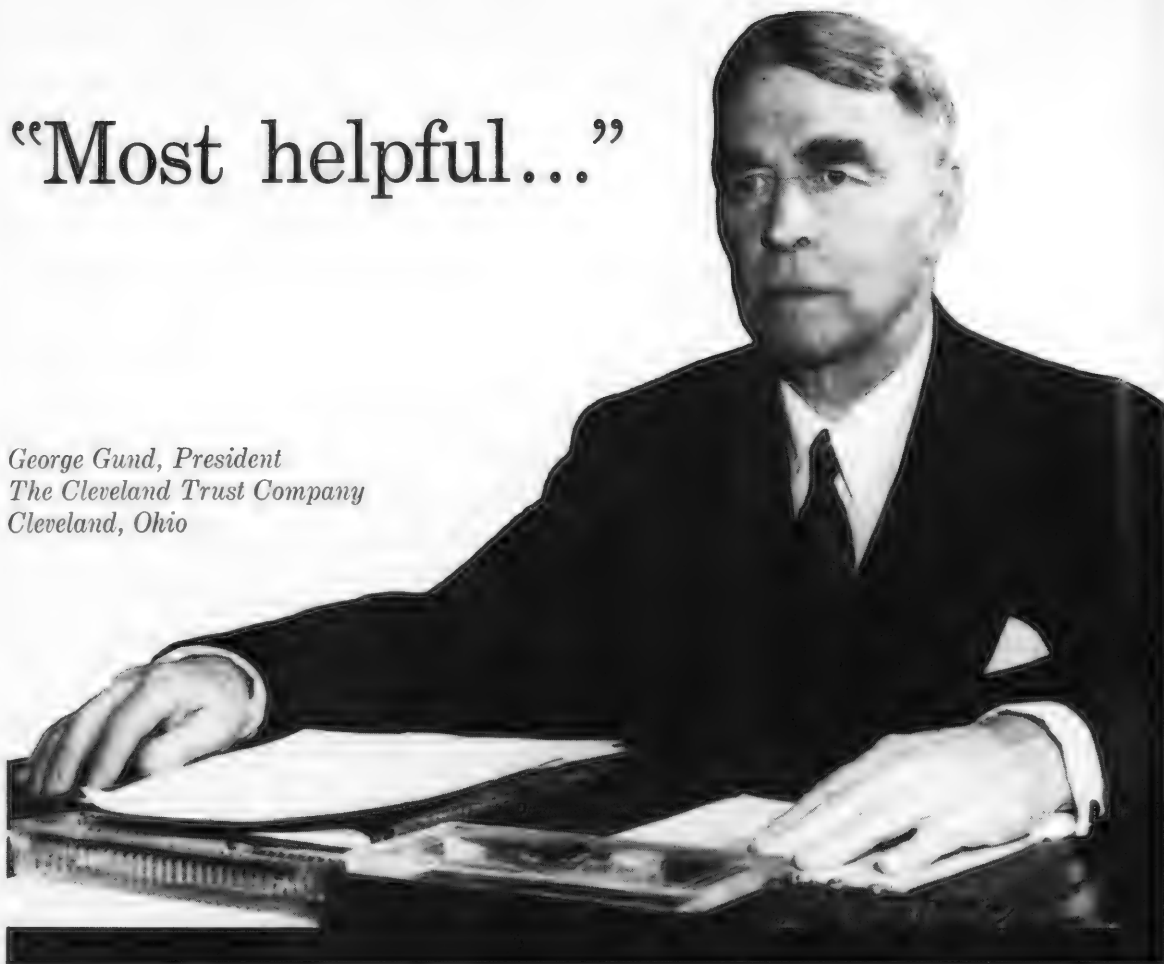
THE NATIONAL **BANK** OF **COMMERCE** OF HOUSTON

MAIN, TRAVIS, AND CAPITOL
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



"Most helpful..."

*George Gund, President
The Cleveland Trust Company
Cleveland, Ohio*



"Cleveland Trust, our nation's 18th largest bank, has numerous correspondent banks throughout the world and must make use of a valuable reference book like Polk's Bank Directory, to be constantly up-to-date. We find it most helpful in maintaining our bank contacts."



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The OUTLOOK and CONDITION OF BUSINESS

THE so-so state of the nation's business, as it entered 1960's final quarter, was an invitation for every shade of economic forecast.

The immediate situation itself was variously described—a recession that we don't know we're in (or some do); a boom, as year-end figures will prove; a plateau beyond which can be anything; a period of normal adjustment on which to base later sound advances.

The Chase Manhattan Bank says that "the current picture is not one of an economy girding itself for a vigorous advance."

The First National Bank of Boston speaks of "rising uneasiness and uncertainty about the economic outlook," and a statement from the Alexander Hamilton Institute says: "The only certain thing about the trend of business right now is that it is uncertain." Also, however: "Many years of almost constant advance have caused us to forget that periods of adjustment such as we are now experiencing provide firm foundations from which new pinnacles are to be achieved."

BANKING has asked a number of economists and other strategically placed individuals to comment on the view from now. Their words are enlightening if not unanimously reassuring.

Secretary of the Treasury Robert B. Anderson said to BANKING's correspondent:

"It is my strong view that the outlook for economic activity in this country is favorable, both for the near future and for many years ahead. Unquestionably there are some sectors of our economy which give concern. But, especially considering the fundamental readjustments that have been taking place in the United States economy in 1960, it can be said that our enterprise system has once again demonstrated its great underlying strength and resilience."

Another Cabinet member, Secretary of Commerce Frederick H. Mueller, said:

"Business continues on a high plateau. The main source of strength is consumer buying, which continues to be supported by a large flow of personal income.

"Business programs continue to call for sizable investment outlays. Some additional stimulus, too, is being provided by the Government.

"It is true that some basic parts of our economy are not as strong as I should like them to be. This is particularly so of steel and housing. A favorable pervasive factor, however, is the stability in the price structure, and this should facilitate economic expansion in the months ahead."

Edward M. Bernstein, consulting economist, had this to say to BANKING:

"It would be foolish to predict the economy's course. During the past six months the economy has shown great resistance to decline, in the face of a sharp drop in the rate of inventory accumulation from an annual rate of \$13.2-billion in January to minus \$1.2-billion in July and minus \$2.4-billion in August. But it has lost a lot of its former dynamism, and the longer this continues true the more reason there is for concern."

Unequal Expansion Rates

That our growth in the near future may not keep up with the expanding labor force is the opinion of Gerhard Colm of the National Planning Association:

"Regardless of whether we are threatened with a recession, are in one now, or have just gone through one, under present policies and attitudes reflecting lack of confidence, it seems unlikely that we shall have, during the next six months, the economic growth necessary to absorb the expanding labor force. This may not mean an actual contraction of the GNP and similar indexes; but the outlook is for an inadequate rate of growth in the next semester."

A note of confidence is sounded in the statement of Emerson P. Schmidt of the U.S. Chamber of Commerce:

"Even though some observers see lean years ahead, we must never forget that human wants are insatiable. Affluence pervades no country. Given the right monetary and fiscal policy, recessionary tendencies are short-lived, even though some alternations between high and mod-

erate activity are likely. We are in a pause, but no depression."

Ralph Robey, of the National Association of Manufacturers, has a conservatively optimistic view:

"At present our economy is moving sideways. There is ample reason to assume that the next trend will be slightly upward; and this should continue until some time in 1961. It will not be a sharp upswing, but that is all to the good, since it means that it may continue longer than otherwise."

For a transatlantic view of the U.S. economy's trend, BANKING asked for an opinion from Dr. Paul Einzig, financial writer and correspondent. Dr. Einzig answered:

"I do not share the all-too-fashionable view that the postwar period of prosperity in the U.S. is over. Most of the causes of that prosperity are still in existence, but their effect is neutralized by actual or potential policy measures necessitated by irresponsible wage demands, and by equally irresponsible defeatist business forecasts. I have an absolute confidence in the inherent soundness and strength of the American economy."

Opinions gleaned from other sources add further variety:

A moderate recession starting late this year or early next year, and ending in mid-1961 or a little later has been predicted by Vice-president William F. Butler of the Chase Manhattan Bank in a recent talk before the

(CONTINUED ON PAGE 174)

Digest of the

Money Supply and Demand

LOANS. Influenced by tax date, September 1-21 saw big expansion in bank credit, especially business loans which grew more than in any other recent September. This signifies neither a business upsurge nor low business liquidity, but seasonal and special factors.

A third of the business loan rise was seasonal borrowing by commodity dealers, food processors, and trade, whose borrowing had lagged in the summer. In NY City, while prime rate still was high, they turned to acceptance financing. Another third was typical tax-month public utility borrowing and about a sixth went to the metals group for tax payments. This group since mid-year had paid off bank debt as inventories were worked off.

City banks' real-estate, consumer, and other loans declined further in September.

RATES. Long-term rates in '60 through August declined; then improved slightly. This change may be but a ripple. No big turning point seems at hand. September 30 US bonds yielded about 3.81%; corporate AAAs, 4¼%; state and local bonds about 3.18%. The latter rose about 19 basis points in September owing to heavy offerings.

Short-term rates bob around. In September 90-day bills,

The Condition of Money and Credit

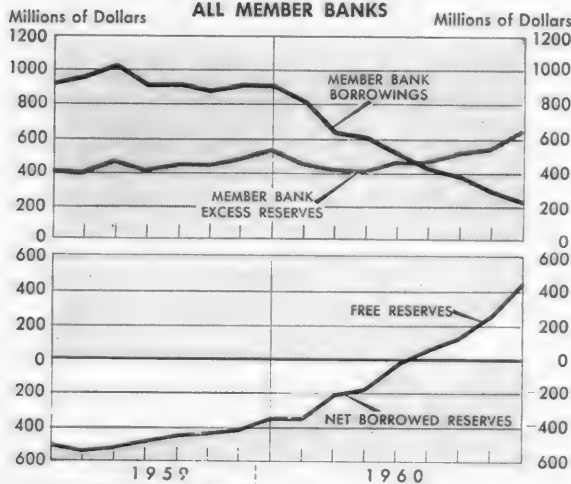
RESERVE POSITIONS OF MEMBER BANKS

Since mid-year, member bank average net free reserves (excess reserves minus borrowings) rose steadily and by September reached their highest level in over two years. The Fed contributed to this increase through open market operations. Besides, reserve requirement changes added an estimated \$600,000,000 to member bank reserve balances by September

RESERVE POSITIONS OF MEMBER BANKS, BY CLASSES

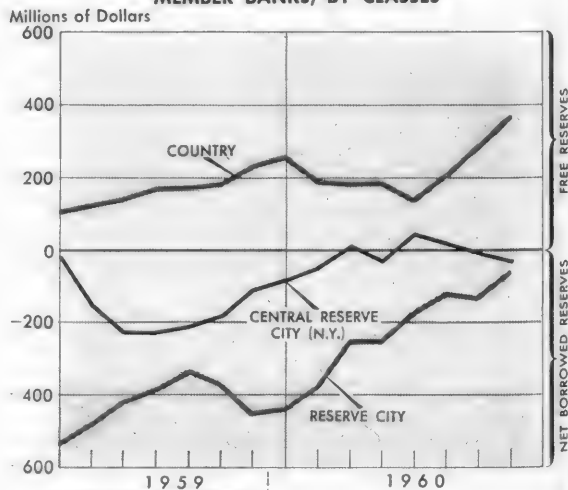
Whereas over-all reserve positions indicate that money has been generally easier, larger banks in leading money centers have been relatively bare of excess funds. Much of the funds freed since August by the reserve requirement changes continued in the hands of country banks, which are less able than larger banks to keep surplus funds closely employed

RESERVE POSITIONS OF
ALL MEMBER BANKS



Source: Federal Reserve Board

RESERVE POSITIONS OF
MEMBER BANKS, BY CLASSES



Source: Federal Reserve Board

Business Outlook

after a sharp decline in the spring, held at about 2.35%. Outlook depends on the economy.

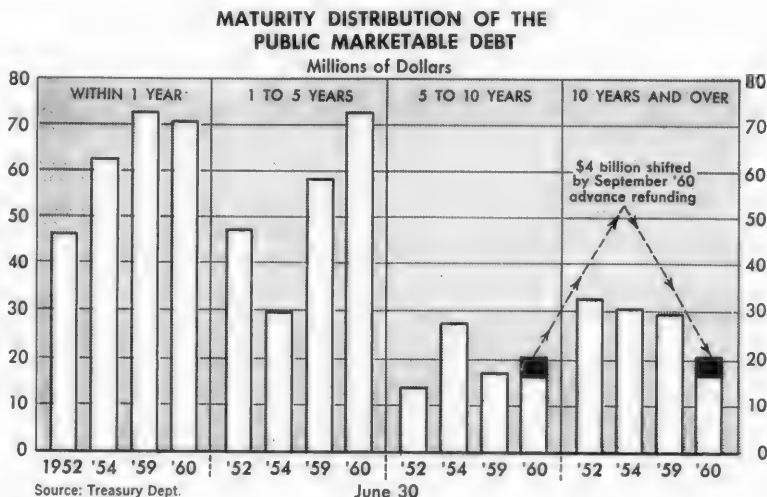
SAVINGS. Flows through financing and equity markets in first 9 months have been about 40% below 1959 rate. This doesn't necessarily mean that aggregate saving is declin-

ing, as saving takes other forms, too. Picture is confused, various indicators moving in different directions. For latest figures watch statistical section of *FR Bulletin* on "flow of funds/saving," which should soon include third quarter data.

FEDERAL BUDGET. "Mid-year" budget review shows deep inroad into fiscal '61 budgeted surplus of \$4.2B, now reduced to \$1.1B. Treasury sees \$2B less corporate tax receipts, attributed to inventory adjustment and rising costs. The remaining \$2.1B is due to increased Congressional and Administration spending, downward revision of miscellaneous
(CONTINUED ON PAGE 164)

MATURITY DISTRIBUTION OF THE PUBLIC MARKETABLE DEBT

The Treasury's successful advanced refunding program last September shifted \$4-billion of securities scheduled to mature in 7 to 9 years to issues maturing in 20 to 38 years. One of the goals of the Treasury's debt management policy is to achieve a balanced maturity structure of the total debt. Until recently, the 4¼% interest rate ceiling has prevented long-term financing. The Treasury has also expressed interest in a future junior refunding, to shift securities now in the 1- to 5-year range into the 5- to 10-year range



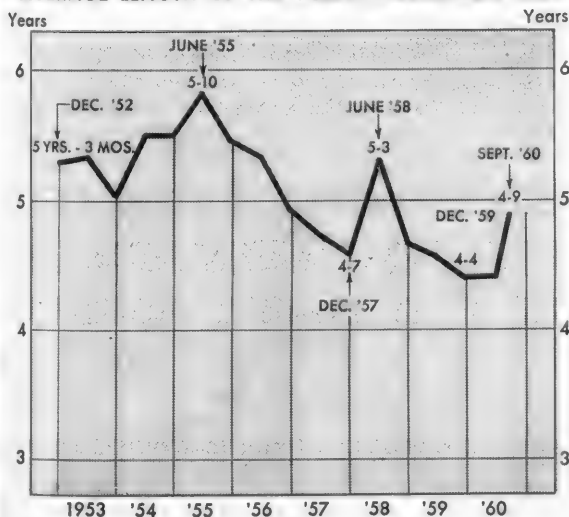
AVERAGE LENGTH OF PUBLIC DEBT

The amount of outstanding bonds with maturities beyond 15 years increased by nearly one-half—from \$8.5-billion to \$12.5-billion—as a result of the latest advanced refunding. This extended the average maturity of the public marketable debt from approximately 4 years 2 months to 4 years 9 months. The \$4-billion increase is significant when compared with total sales of bonds with maturities beyond 15 years of only \$9.2-billion in the postwar period

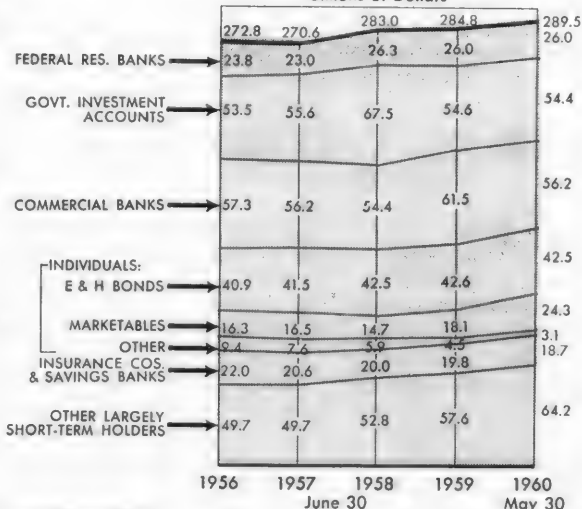
OWNERSHIP TRENDS IN THE PUBLIC MARKETABLE DEBT

Stressing the importance of individuals, Under Secretary of the Treasury Julian Baird recently noted that the success of the Savings Bonds program has contributed to a better structure of the public debt. "Not only have E & H bonds represented an increasing segment of the public debt, but they stay outstanding on an average of 7 years, which is longer than the average of the public marketable debt," he stated

AVERAGE LENGTH OF THE PUBLIC MARKETABLE DEBT



DEBT OWNERSHIP TRENDS



Why Gold's Price Stays Fixed

U. S. Treasury Has Remained Firm and Consistent Against "Tinkering"

THE United States official price of gold, which for generations had been pegged at \$20.67 an ounce, in 1934 was raised to \$35 an ounce by the formal devaluation of the dollar; and there it has stayed ever since. Neither the Democrats nor the Republicans in power since then have yielded to the many and sometimes ingenious arguments for a further hike in the price of gold. Successive Secretaries of the Treasury on numerous occasions have reiterated the American Government's firm opposition to any change. In recent years gold mining interests here and abroad have pressed, with great persistence, for a higher price for the yellow metal, but Washington continues strongly opposed to such a change.

Chief Support

With the dollar legally defined as one-thirty-fifth of an ounce of gold, it is said that the U.S. is on the gold standard. What an ounce of gold will buy, \$35 will buy. This does not mean that the value of gold determines the value of the dollar. Rather the reverse: Gold is linked to the dollar and the value of gold is determined by what the dollar will buy. The chief support for the gold market of the world is the floor which is provided, first and foremost, by the readiness of the U.S. Treasury at all times to buy unlimited quantities of gold at the official price of \$35 a troy ounce.

Standard's Meaning

Although the U.S. today is on the gold standard, it is a different kind of gold standard from that which existed here prior to March 1933. Before that date we were on the gold coin standard. Gold and currency were then freely interchangeable here in any quantity. Any person here, and naturally any foreign govern-

ment or central bank, could get gold coins for currency on demand. Since 1933 that has no longer been true. Today there is no domestic convertibility of the dollar into gold coin. Gold bullion is obtainable domestically only by the arts and industries, at \$35 an ounce. Foreign central banks and governments may obtain gold bullion for dollars by Treasury license. What we have today is a form of international gold bullion standard. Knowing that in practice they can convert their official dollar holdings into gold, many foreign governments and central banks have been content to hold part of their monetary reserves in the U.S. in the form of dollar balances and short-term earning assets, instead of in gold bullion.

The large growth in foreign dollar claims in recent years, and the heavy outflow of gold from the U.S. in response to our adverse balance of international payments (as U.S. foreign aid and similar programs) have tended to build up foreign countries' reserves. The changed world trade competitive situation and like developments have raised concern in some quarters as to the adequacy of our gold stock and the permanency of our gold policy.

Committee Desires Return To Gold Standard

There is a school of thought that we made a great mistake in ever abandoning the gold coin standard; that a return to that standard, albeit at \$35 an ounce rather than \$20.67, is of the highest importance. The Economists National Committee on Monetary Policy, with headquarters in New York, is the chief spokesman of that school. This year the committee sponsored a book embodying its monetary views: *A Proper Monetary and Banking System for the United States*.

Although the dollar today is on the international gold bullion standard, it is essentially a managed currency. Most of the dollars we use are not currency, but checkbook money. The chief manager of the money supply is the Federal Reserve System, within the broad limits of the Fed's own reserve requirements laid down by statute.

The gold-coin advocates' objection to this system is set forth as follows by Prof. Walter E. Spahr (in the Summer 1960 issue of *Modern Age*):

WHEN A GOVERNMENT inflicts an irredeemable currency on a people, the great rights and freedoms inherent in a gold standard disappear. The government becomes their dictator free from effective control; it curbs their rights and freedoms as it desires. Constitutional government, such as that designed for the United States, is subverted in an endless number of ways and made to conform to the desires of the government to restrict human freedom.

The ability of people to put pressure on the banks and government, to the extent of their purchasing power, by demanding redemption of non-gold currency, is destroyed. With the destruction of that individual right, the power of the purse passes from ultimate control by the people to unrestrainable control by the government.

Such an arrangement gives the government the power to engage in, and invites, any spending orgy in which the government may choose to indulge. The spending spree of our national government since 1933 provides an illustration of how this power can be exercised.

Hold Gold At \$35

While Prof. Spahr and his associates want the price of gold nailed down once and for all at \$35 an ounce, at the other extreme are gold miners the world over who demand—apparently as a matter of right—that the dollar price of gold be raised; that it be doubled or tripled, since it is the only commodity that has not had a price increase in terms of the dollar since 1934, although the prices of all other commodities have risen. One has heard this view repeatedly out west; in Canada, South Africa and Britain, which has great investments in gold mining; in Australia, which is officially campaigning for a higher price for its gold miners; and elsewhere. One of the

(CONTINUED ON PAGE 160)

Washington

THOMAS W. MILES

Congress Continues Threat to Have Income Tax Withheld on Dividends and Interest

BEHIND the renewed educational campaign to close the \$1-billion gap between dividends and interest paid out but not reported in Federal income tax returns is a Congressional threat to require withholding by banks and other payers.

Will the reporting of this kind of taxable income be voluntary by the taxpayer or be required of the payer of dividends and interest? That is the public question.

For banks and other financial institutions there is no question. They are for keeping it on a voluntary basis. They see only harassment and hardship on small taxpayers and more work and expense for themselves in the proposed extension of the Federal income tax withholding law to include dividends and interest.

For this reason the American Bankers Association and other organizations are stepping up the campaign to get all customers to report this income. Essentially the problem boils down to a matter of either/or: either the voluntary reporting is made to work, or mandatory withholding will be imposed. As an indication of the feasibility of the A.B.A.'s approach, the association has to its credit a campaign conducted last year in conjunction with Treasury. The measure of its success will be shown later in this article.

A Recurrent Issue

The issue is recurrent. When the withholding tax was passed early in World War II, dividends and interest were included by the House but dropped by the Senate. That happened again in 1950 and 1951. In the

last Congress the issue was studied at some length by the House Ways and Means Committee and was debated in the Senate.

Recently the Democratic presidential nominee, Senator John F. Kennedy, came out in favor of withholding. The opposite position was taken by his Republican opponent, Vice President Richard M. Nixon, who preferred to continue the campaign for voluntary reporting rather than attempt "to impose" a withholding system.

The Reasons

The issue has its roots in the fact that the Treasury needs revenue to meet the rapidly increasing expenditures voted by Congress. Treasury is also under pressure from Congress to collect everything available under existing law. Hence the drive for dividends and interest that have escaped taxation. Dividends and interest are also fair game in Congress because a large percentage of them goes to people of substantial means. But they also go to great numbers of small savers and pensioners, which complicates the problem politically.

When Treasury studied the tax returns filed for the year 1956, it found that about \$1-billion, or 10%, of the total amount of dividends were not reported. About \$3-billion, or one half of the interest received by individuals was not reported. This does not mean that the loss in revenue was \$4-billion; it was the taxes on it. A portion of the unreported dividends and interest would not have been taxable since the total included amounts received by individuals re-

quired to file, but not subject to tax, and by individuals entitled to an offset as a result of the \$50 dividend deduction.

To meet the situation Treasury had Internal Revenue institute vigorous enforcement and cooperative information programs last year. The A.B.A. and its member banks participated in the mailing of more than 75 million special notices to recipients of dividends and interest. The program was coordinated with various news media.

Treasury has been making a test-check of 2,000 cases where the taxpayer received \$300 or more of dividends and interest, comparing returns for 1958 with those for last year. Some failure to report in full has been shown.

What the Check Showed

The audit report on 1,801 of the 2,000 cases revealed these facts:

The number failing to report dividend income (or reporting only in part) dropped from 1,057 in 1958 to 524 in 1959, a decrease of 50%. The amount of unreported dividends income from these 1,057 decreased about 45%.

Audit reports on 1,061 cases in the area of interest income showed the following improvement:

The number failing to report interest income (or reporting only in part) dropped from 384 in 1958 to 202 in 1959, a decrease of 47%. The amount of unreported interest income from these 384 decreased about 48%.

Further and more extensive studies will be made, but these results are considered "most successful" by

Treasury. Under Secretary Fred C. Scribner, Jr., attributes "a substantial part" of the increase in reporting to "the voluntary program of cooperation in the dividend and interest field."

Impractical Now

For that reason, he said, Treasury considers it impractical to institute an adequate withholding system for interest at this time. It might be added that in view of the expense of enforcement there is a point of no return.

That the Treasury is pleased with developments was indicated in a talk as late as September 29 by its general counsel, David A. Lindsay. While he expected that withholding will be up for consideration in the 87th Congress, he suggested that legislation for the sake of legislation which ignores the major issue by focusing only on dividends would be ineffective in closing the gap.

Proxmire Amendment

When the bill to extend for a year the public debt limit and the existing corporate and certain excise taxes was up for debate in the Senate, Senator William Proxmire (D., Wis.) introduced an amendment extending withholding to dividends and interest. It was debated at length on June 18 and 20 and rejected 62 to 24 in a rollcall vote. Leading the fight with Senator Proxmire were two liberal Democratic colleagues, Senators Joseph S. Clark of Pennsylvania and Paul H. Douglas of Illinois. Senator Kennedy voted with them for withholding.

Senator Proxmire's amendment called for 20% withholding on dividends and interest except on loans made or interest due between individuals. It did not affect the patronage dividends or refunds of cooperatives. And it called for quarterly refunds as a means of reducing the hardship of small savers depending on dividend and interest income. The debate was focused for the most part on dividends.

Contending that his amendment would raise \$1-billion in revenues, Senator Proxmire cited the studies of Dr. Daniel Holland of the School of Industrial Management, Massachusetts Institute of Technology, and Dr. Joseph A. Pechman of the Com-

(CONTINUED ON PAGE 144)

An Introduction

STARTING this month, **BANKING** will publish Banking's **AMERICAN Story**, chapter by chapter, showing the development of modern bank services and how everybody can use these services today for better living.

Each chapter will deal with a particular topic from its beginning to the present. For example, this first one will concentrate on the personalities who had key parts in the transition from old to modern banking.

There is neither purpose nor need to be encyclopedic as to details but merely to present a picture on a broad canvas of a vital aspect of our national business experience.

In a sense it is banking's autobiography, the story that banks wrote and are still writing about themselves through their advertising and the work of banking leaders. Pictures will be used liberally to keep the story moving along and clear. We will give each topic its own measure of chronological treatment instead of plodding chronologically through the whole story.

Colder and Older than You Think

Throughout the story runs the unmistakable thread of the cold war, which we think of as something fairly recent but which is actually very old. The cold war between freedom and collectivism has been going on since the beginning of time. It has been won and lost many times, and the next decisive battle could well be in the financial field, because banking has become the heart and soul of the free economic system.

Banking's **AMERICAN Story** differs from those of most other countries chiefly in one way. Our system has moved farther and faster in the direction of serving all of the people instead of just the Government and business. When foreign bankers visit the United States their interest is drawn mainly to these popular aspects of American banking and their hope is often to try similar services.

Epochs along the Way

Since colonial times, when there were no banks in the modern sense, the evolution of banking has been generally in one direction, toward a type of institution serving all the people.

There have been times of success and trouble, progress and retrogression. Epochs along the way have been clearly marked. To mention a few—there was the pre-First Bank of the U. S. period; the interim between the First and Second Bank of the U. S.; the Jackson-Biddle conflict and destruction of the Second Bank; the hectic expansion of state banks; the beginning of the dual banking system when national banks came into being; the first outlines of the present pattern; the Federal Reserve System; the collapse of 1933; the Federal Deposit Insurance Corporation; the development of competing financial systems, and lately the tremendous growth of bank resources and services which many believe is just starting.

BANKING recently finished a series of four articles on the nation's changing financial geography, written by Dean Carl Madden of the Lehigh University College of Business Administration.

This **AMERICAN Story** of banking carries on from there with details of the dramatic growth of financial services. The approaching observance of the centennial of the dual banking system will focus special attention on the people and subjects which will move through the pages of this chronicle.

WILLIAM R. KUHN

Banking's

AMERICAN

Story

From Serving a Few to Serving Everybody

BANKING is a growth business, looking always toward the future.

It has had to grow to keep up with the demand for more bank service. Today it is growing faster than ever because the needs are increasing faster.

Banking in the United States has always pioneered. It has necessarily developed in a special way and now provides the most complete service to business, individuals, and the Government found any place in the world.

(CONTINUED ON PAGE 45)





CULVER SERVICE

Before the Beginning

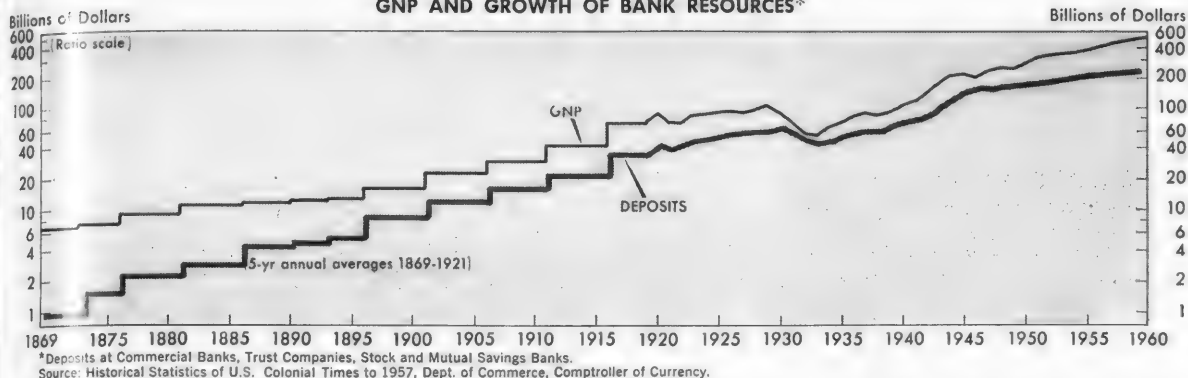
A STORY must start someplace, and it might as well be with this picture of the *Half Moon*, which sailed up the Hudson River looking for India before there were any banks in this nation. In fact there was no nation.

This was the ship on which Henry Hudson came here in 1609 after several unsuccessful attempts to find a northern route to the Orient. The ventures were financed by individual subscriptions, as were the British East India Company and many similar companies of other nations in that era. In most cases the companies obtained charters from their governments and in return made substantial loans to the governments, so in that sense they were banks and the governments were important partners in the undertakings.

Banks and lending, in one form or another, are as old as civilization. In early Greece, Rome, and times more ancient there were bankers who stored precious metals and gave receipts which were negotiable as currency.

However, we want to confine this story to American banking and mainly the story behind the development of today's full service banks.

GNP AND GROWTH OF BANK RESOURCES*



This is a chart of the nation's growth measured by gross national product, paralleled by the growth in bank resources

From Serving a Few to Serving Everybody

(CONTINUED FROM PAGE 43)

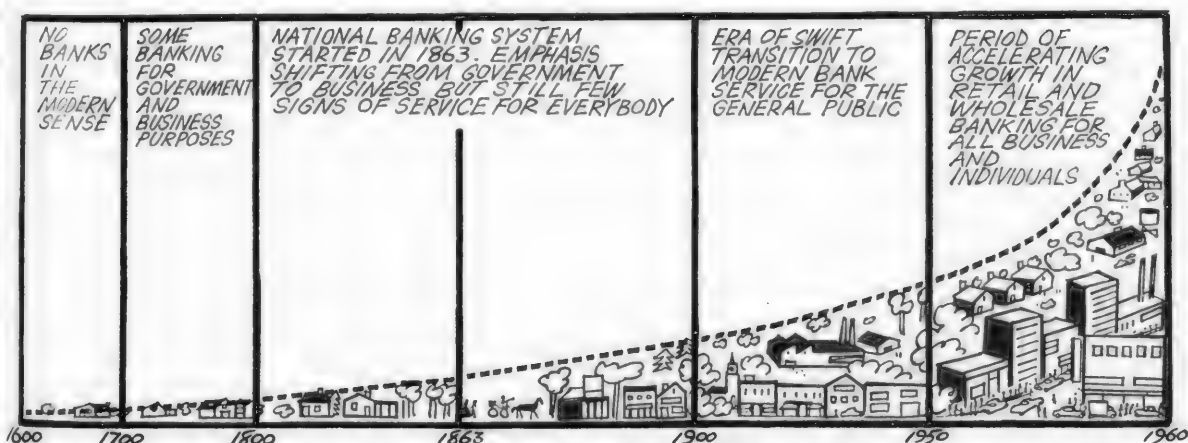
The best way to understand what banks are achieving today and what they will become in the future is to observe how these present services came into being. One obvious fact that emerges from Banking's AMERICAN Story is that our banks today don't hide from new ideas. They walk right up to them and shake hands.

From Alexander Hamilton to the banking leaders of today the aim has been to achieve a circulating currency of uniform character, stable value, and unquestioned public acceptance. Even as late as the establishment of national banks and our present dual banking system in 1863 and 1864, so-called bank notes were be-

ing circulated by nonbanking corporations as well as by banks.

While this chaotic situation was largely remedied by the National Banking Act, flexibility was still lacking. Not until the Federal Reserve System came into existence 50 years later did we have the machinery for expanding and contracting the money supply as circumstances required. Even with the changes of the last half century, and particularly the last decade or two, the evolution continues, because many feel that the machinery is still inadequate for today's vastly altered requirements.

This is a panorama of money at work—a symbolic chart of bank service in which the artist had to take much liberty with the calendar in order to emphasize the dramatic acceleration of the bank services recently, from serving a few to serving everybody



STATEMENT OF THE IRVING BANK—As required by Chapter 250, Laws of 1853, for the week ending Saturday, the 31st day of December, 1853:

Average amount of Loans and Discounts	\$545,374 47
Average amount of Specie	38,920 00
Average amount of Circulation	125,845 00
Average amount of Deposits	441,075 17

City and County of New-York, ss.—I, D. V. H. BERTHOLF, Cashier of the IRVING BANK, being duly sworn, depose and say that the above statement is correct, to the best of my knowledge and belief.

DANIEL V. H. BERTHOLF, Cashier.
Sworn before me this 31st day of December, 1853.
JOHN NEWHOUSE, Commissioner of Deeds.

STATEMENT OF THE HANOVER BANK, New-York—As required by Chapter 250, Laws of 1853, for the week ending Saturday, the 31st day of December, 1853:

Average amount of Loans and Discounts	\$1,312,340 33
Average amount of Specie	\$2,519 00
Average amount of Circulation	147,397 00
Average amount of Deposits	\$12,583 20

City and County of New-York, ss.—I, THOMAS L. TAYLOR, Cashier of the HANOVER BANK, New-York, being duly sworn, depose and say that the above statement is correct, to the best of my knowledge and belief.

THOS. L. TAYLOR, Cashier.
Sworn before me, this 31st day of December, 1853.
GILBERT S. NIXON, Commissioner of Deeds.

STATEMENT OF THE FULTON BANK, in the City of New-York—As required by Chapter 250, Laws of 1853, for the week ending Saturday, the 31st day of December, 1853:

Average amount of Loans and Discounts	\$1,557,604 81
Average amount of Specie	195,816 46
Average amount of Circulation	177,983 69
Average amount of Deposits	960,297 47

City and County of New-York, ss.—I, R. M. BUCHANAN, Assistant Cashier of the FULTON BANK, in the City of New-York, being duly sworn, depose and say that the above statement is correct, to the best of my knowledge and belief.

It's a long way in time and thinking from the hard-to-read, here's-what-the-law-requires financial reports *above* to the well researched, written and illustrated reports of today

Below is a handbill-type of announcement. Hours for deposits were rather limited, and the sexes were segregated, but courteous treatment was promised

NOTICE

GREENWICH SAVINGS BANK
No. 10 Carmine Street
[In Village of Greenwich]

The above Bank chartered by a late act of Legislature, will open its doors for the reception of depositors.

Monday, July 1st 1833.

Hours for deposits;

Males: each Monday hrs. 5 to 7 P. M.
Females: " Friday " 4 " 6 "

The Bank will be conducive to the best interest of its Depositors by a select number of Trustees, gentlemen of undoubted success in their various lines of endeavor. The Public is assured of courteous treatment and their interests will be borne in mind, in guiding the Institution to future prosperity.

The Trustees of
Greenwich Savings Bank

P.S. Kindly pass this circular on to a friend or relative.

900689978E9E9978.

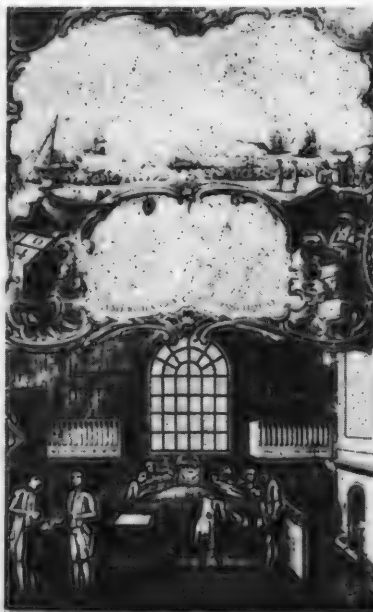
A Servant Boys Time for 4 Years to be disposed of. He is about 16 Years of Age, and can keep Accounts, Enquire at the Blue Ball in Union Street, and know further.

From a Few Thousand

A GLANCE AT THE

A PERSON does not need to be a student of history to see from the advertising and other records that the earliest banks were for the convenience of the Government and a few leading citizens. Today's bank advertising speaks eloquently for itself. All banks do not provide all bank services, but the trend is strongly in that direction.

It takes no time at all to discuss bank advertising in the 1600s and 1700s because there wasn't any. There were few printed ads of any kind. These had to do mainly with universal remedies, new books, and escaped slaves. Not only the ads are old-fashioned but the

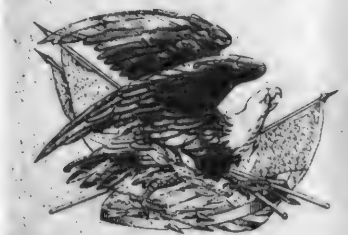


CULVER SERVICE

Above, a piece of art into which the advertisers name could be inserted

Above, right, an ad for the Victory Loan of 1865 points out that working people can make the Government their savings banker, using evening hours to buy these war bonds

The Working Men's Savings Bank!



NIGHT OFFICES
FOR SUBSCRIBING to the 7-30 LOAN

Where Working Men and Women who have a time for Day may go in the EVENING and spend their evenings, where they will be forever safe, where they can obtain and obtain not but their and where they will draw the BIGGEST INTEREST

CULVER SERVICE

ITS FIRST HISTORY AND PRESENT PROGRESS
FRANKLIN BANK,
CHARTERED 1810.



CAPITAL
\$626,750.00.

No. 15
South St.
German Street.

CHAS. J. BAKER,

Chas. Goodwin,

1861-1863:

SAFE DEPOSIT VAULTS
OF STEEL and IRON,
For the safe keeping of Government and other Bonds, Securities or Valuables.

CULVER SERVICE

BANKING

to Millions of Customers ...

ADVERTISING MIRROR

diseases, literature, and customs have also gone out of style. For background we include a few early American ads of both nonfinancial and financial character.

Even as late as the mid-1800s banks could not bring themselves to do much more than insert card-type notices which required a magnifying glass to read.

Banking's AMERICAN Story is concerned with what took place in the time gap between these two pages of advertising and with some personalities closely identified with the great epochs in the nation's financial history.

"YES, they can go to College"...

...with AFNB's College Education Certificate

It is no longer necessary to let lack of funds interrupt or curtail plans for a college education. Parents or other providers who are residents of Indiana, may program and finance all or part of a student's education now.

American Fletcher's College Education Certificate Plan meets educational expenses conveniently and with certainty. It is a certificate because the entire cost is budgeted on a monthly basis. It is a reserve because life and total and permanent disability insurance (without additional cost) ensure payment of college expenses in the event of untimely death or disability.

Let us show you how you can give a helping hand now, when it is most needed. The student can register at the school of his or her choice at once... then complete an education without interruptions. Use American Fletcher's College Education Certificate Plan. Mail coupon—or phone—for full information.



American Fletcher's College Education Certificate Plan:

- Lets you finance payment to school of choice for all or part of college education.
- Pays charges for tuition, room and board, laboratory fees and other educational expenses.
- Allows convenient repayment... budgeted on a monthly basis.
- Spreads payments over a period as long as eight years for the usual four-year college course.
- Includes life and total and permanent disability insurance on premium to pay balance due so that student may complete education.

AMERICAN FLETCHER NATIONAL BANK & TRUST CO.
Education Finance Division • Indianapolis 6, Indiana

Confidential:
Please send me additional information on the American Fletcher College Education Certificate finance plan.

NAME _____
STREET OR R.F.D. _____
CITY _____ STATE _____ ZIP _____



The advertisements on this page are from recent issues of the Financial Public Relations Association's Bulletin

UNEXPECTED BILLS?

See First National about a Personal Loan...

Pay your taxes, consolidate your bills, meet dental or hospital expenses, take a vacation, buy things needed or most emergencies of all kinds with money you borrow at FIRST NATIONAL. No security is needed, you need not be a depositor. A good name, a steady job, good paying habits and a worthwhile purpose are all that is required.

Look at these LOW Loan Rates

AMOUNT YOU WANT	12 MONTHLY PAYMENTS	24 MONTHLY PAYMENTS	36 MONTHLY PAYMENTS
\$ 100.00	9.37		
500.00	17.74		
1000.00	44.33	33.53	16.01
1500.00	66.79	47.06	23.31
2000.00	177.69	94.12	54.43
2500.00	264.10	141.17	89.44

QUICK CREDIT... The FIRST NATIONAL BANK Service that makes it easy for you to get the money you need... in a hurry.



Banks: Milwaukee 7th and Hamilton Sts., 190 and Liberty Sts., Union Street, and Plymouth St. Business Made and Chastain St.



BETTER IDEA: Winterize your home with a Property Improvement Loan from Marine.

And right now is the time to do something about it before your contractor gets loaded with fall and winter work. Check your home right now and determine for yourself whether it's ready to meet the rugged winter ahead! Do you need a more efficient furnace, money-saving insulation, combination windows, a new roof, etc.?

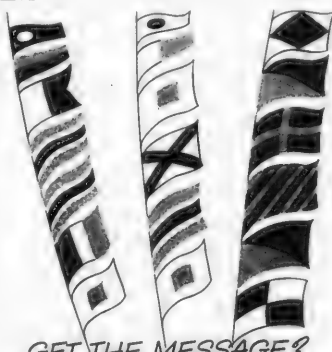
If so, tell your contractor you want to finance the entire cost of the work with a Marine Trust Property Improvement Loan. Or ask for one of these loans at the Marine office nearest you. Remember... you don't have to have an account with Marine to obtain a Property Improvement Loan.

You're always close to

MARINE

THE BANK OF "OLD FASHIONED NEIGHBORLINESS"

MEMBERS FEDERAL DEPOSIT INSURANCE CORPORATION



GET THE MESSAGE?

"37 Accounts... 15 Services... For You!" We've spelled it out in International Code Flags to remind you that, wherever you may be, East River's 27 kinds of savings accounts and 15 different services bring you important benefits.

Lowest Dividend Rates for Regular Savings Accounts... 3 1/4% a year on balances on deposit less than 2 years... 3 1/2% a year on balances on deposit 2 years or more. Dividends credited and compounded quarterly, from day of deposit.

Newest Service: College Student Loans to assist young people who might not otherwise be able to afford higher education.

Ask at any of our offices for a free booklet that describes East River's money-saving conveniences.

EAST RIVER SAVINGS BANK

ONE OF AMERICA'S OLDEST AND LARGEST SAVINGS BANKS



5 Thrift Offices

26 Cortlandt Street, at Church Street, N. Y. 7
110 William Street, at Julia Street, N. Y. 39
80 Spring Street, at Lafayette Street, N. Y. 13
41 Rockwell Place, at 4th Street, N. Y. 39
743 Amsterdam Ave., at 86th Street, N. Y. 38
Member Federal Deposit Insurance Corporation

The Start of Banking

Gentlemen of the Senate.

In compliance with the Department of the Treasury of the United States.

Alexander Hamilton (of New York) Secretary
 Nicholas Biddle (of Pennsylvania) Treasurer
 Oliver Wolcott (of Connecticut) Auditor
 Joseph Warrick (in office) Register

New York }
 September 11, 1789.

Hamilton was named Secretary on September 11, but

Register's Office, New York, 13 September 1789

Samuel Meredith, Treasurer of the United States, &c. to the President, Directors and Company of the Bank of New York

In a certain Warrant this day by the Secretary of the Treasury and Comptroller of the Treasury on the latter in favor of the sum of Twenty Thousand Dollars, being the amount of loan agreed to be made by the said Bank to the Secretary at New York in pursuance of an appropriation made by an act of Congress of the 20 August 1789

Samuel Meredith Treasurer of the United States &c. to the President, Directors & Company of the Bank of New York

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... he wasted no time in using banks to finance the Government. The initial entry on page one of the Government's first financial journal refers to a loan of \$20,000 by the Bank of New York on September 13, followed by another for \$30,000. Compared with now, the sums were small and bank buildings were modest, like the Walton House ...

where the Bank of New York opened on June 9, 1784



CULVER PHOTO

in the United States AND . . .

the position of Secretary, Mr. Hamilton found himself entirely without funds to meet the ordinary expenses . . . except for borrowing, until the revenues from duties on imports and tonnage (out of which the loan was to be repaid) began to come into the Treasury . . . The Secretary said:

Asks Authority to Borrow

"Obvious considerations dictate the propriety, in future cases, of making previous provisions by law for such loans as the public exigencies may call for, defining their extent, and giving special authority to make them."

A Treasury circular issued by Alexander Hamilton on September 22, 1789 refers to the above mentioned temporary loans with the two New York banks.

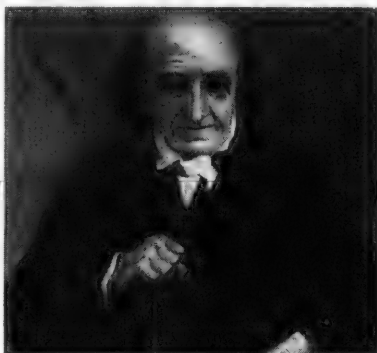
In 1781 when Congress chartered the Bank of North America its authorized capital was \$10,000,000, but with the greatest efforts only \$70,000 could be raised privately, and the Government had to subscribe \$200,000 in specie. The institution being managed by wealthy men, it inspired confidence in the Government's credit, which Robert Morris further strengthened by his own private endorsement. The Bank of New York was established with the help of Alexander Hamilton in 1784.

In 1804 the main post roads were fewer, shorter, and narrower than today's highways, but much deeper in rainy weather



ROBERT MORRIS raised war funds in the 1781-84 era of no stable currency, no credit, and no power to levy taxes

ALBERT GALLATIN introduced budgetary finance to the Treasury, strengthening its position through debt control

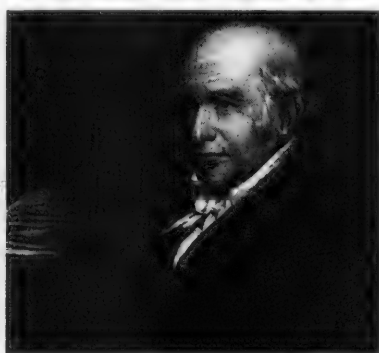


CULVER PHOTO



ALEXANDER HAMILTON consolidated and funded the debt of an economically sound but financially chaotic nation

STEPHEN GIRARD sustained the national credit and currency after the Bank of the United States expired in 1811



CULVER PHOTO

The first public building authorized by Congress was the United States Mint in Philadelphia, erected in 1792. The 20 stars in the flag indicate that this is how it appeared in 1817, complete even to the watchdog on guard in the yard



.... First Efforts Toward a

ALMOST all of the recognizable landmarks in the development of today's banking system were related to either wars or monetary troubles and these were usually related to each other. Among these epochs the period of Jackson's fight against the second Bank of the U.S. and its president, Nicholas Biddle, is one of the most important and remarkably distorted.

Once some sage said something to this effect: "History is a collection of lies and distortions generally agreed upon." This also may be slightly distorted but, in the case of the Jackson-Biddle feud, history has dealt very gently with Jackson for his peevish action in destroying the bank.

Between 1776 and the chartering of the bank in 1816 occurred many attempts to set up some kind of national bank and a currency of stable value and uniform acceptability. Following an experiment in 1780 with the Bank of Pennsylvania, an institution which Robert Morris called "nothing more than a patriotic subscription of continental money for the purpose of purchasing provisions



CULVER PHOTO

ANDREW JACKSON, reelected in 1832 with the promise to end the second Bank of the United States, couldn't wait for its destined demise in 1836. He ran through three Treasury Secretaries before finding one who would withdraw Government funds from the bank. Even this did not succeed because . . .

for a starving army," Congress in 1781 chartered the Bank of North America to engage in commercial banking and loans to the Government.

Two other banks were chartered in 1784 by the Confederation: the Bank



NICHOLAS BIDDLE, president of the Bank of the United States, sustained it as an influential instrument in stabilizing the currency during the stormy period from 1829 to 1836. He kept it alive despite withdrawal of Government funds and the charge that it lacked Constitutional sanction or authority

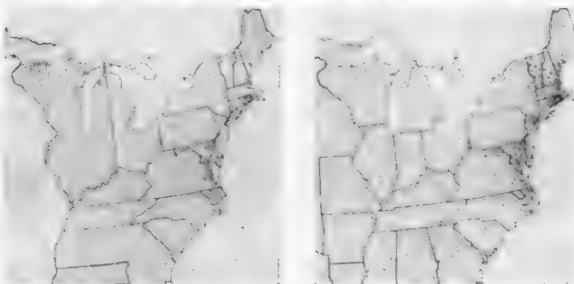
of New York and the Bank of Massachusetts. At this time the several states issued their own currencies.

The adoption of the Constitution in 1789 brought this confusion to a temporary end because it prevented the states from issuing money.

Savings Banks Help Swell the Tide

THE FIRST savings bank in the nation opened its doors in 1816, the same year the second Bank of the United States was chartered. By 1819 there were savings banks in Philadelphia, Boston, Baltimore, and New York. This new development contributed to the increase in the total number of banks during this period

1800 . . . Each dot represents five banks . . . 1830



The Philadelphia Saving Fund Society, first savings bank in the U.S., started in 1816. From its original quarters, located in the taller of the two buildings, *above*, it has grown into its present home, the skyscraper, *right*



Sound Currency

In 1791 Congress chartered the first Bank of the United States which dominated the banking system for 20 years. In 1811 the charter was not renewed and there followed five years of confusion, depression, and war.

State banks multiplied. From 90 in 1810 they grew to 150 in 1814 with note issues of \$62,000,000. This was the only currency in the country and the War of 1812 caused a general suspension of specie payments and great financial turmoil.

In 1816 the second Bank of the United States was chartered. In 1832 President Jackson vetoed the renewal of the charter and withdrew Government deposits. The bank finally closed in 1836 and there followed a chaotic period of a quarter-century which included two major depressions. The first crash came in 1837 when all banks suspended payments. By that time there were over 1,000 banks issuing their own notes, the value of which fluctuated almost daily, and counterfeiting flourished.

In 1846 Congress set up a system of Treasury branches in an effort to end the confusion. In 1857 came another serious crash with general suspension of payments by banks and this, coupled with the Government's emergency requirements for the War of the Rebellion, led to measures affecting the currency.

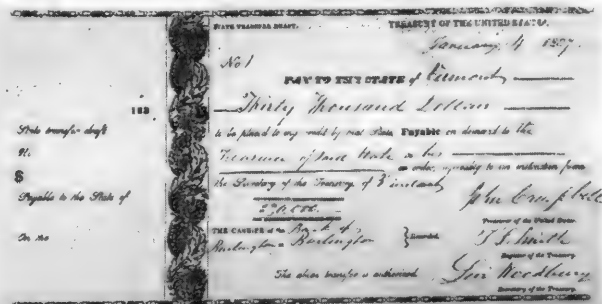
The famous—or infamous—greenbacks were authorized in 1862. Some \$431,000,000 of this fiat money was issued then.

The National Banking Acts of 1863 and 1864 taxed the state bank notes out of existence. National bank notes then became the major part of our currency, reaching a high in 1934.

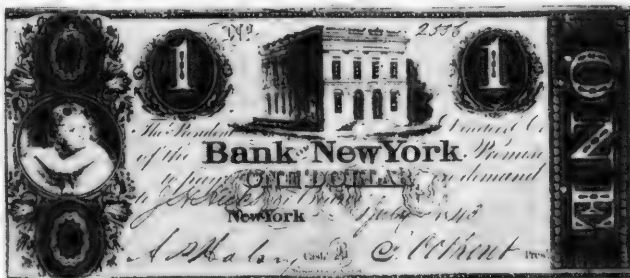
Redemption of these notes was supposedly guaranteed by a system of depositing a reserve of Government bonds in designated cities, a remote ancestor of the Federal Reserve System.

The next landmark in the post bellum era was the resumption of specie payments in 1873. It was then that Senator John Sherman, author of the plan, made his historical remark: "The way to resume is—to resume."

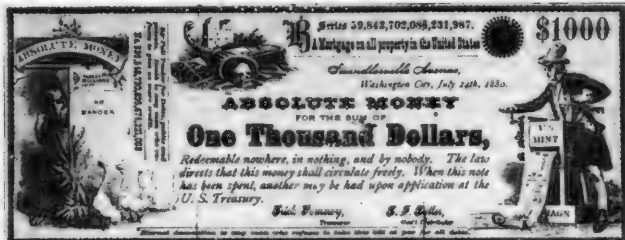
With no national bank in 1837, the Treasury deposited its surplus in state banks



Over a thousand state banks printed their own notes whose values changed every day



Sharp criticisms of cheap paper money met the Government greenbacks of 1862



Contemporary artists showed that specie payments should be resumed by all people



CULVER PHOTO

The Dual Banking System—

And Then the American Bankers Association



Hugh McCulloch, first Comptroller of the Currency (1863-65)

A Bank Prospers as Its Customers Prosper . . .
The following paragraphs are from a letter written to national banks by Comptroller of the Currency McCulloch in December 1863:

LET no loans be made that are not secured beyond a reasonable contingency. Do nothing to foster and encourage speculation. Give facilities only to legitimate and prudent transactions. Make your discounts on as short time as the business of your customers will permit, and insist upon the payment of all paper at maturity, no matter whether you need the money or not. Never renew a note or bill merely because you may not know where to place the money with equal advantage if the paper is paid. In no other way can you properly control your discount line, or make it at all times reliable.

Distribute your loans rather than concentrate them in a few hands. Large loans to a single individual or firm, although sometimes proper and necessary, are generally injudicious, and frequently unsafe. Large borrowers are apt to

THE National Banking System started out rather slowly. The first act creating it in 1863 was faulty in many ways and had to be corrected with a second act the following year. In its first year or two it was not much help to the Government in its bond issues, which was a primary, wartime reason for creating it.

Not until March 1865 did the system begin to grow rapidly when the Federal Government stepped in with a 10% tax on bank notes of state banks, effective July 1, 1866.

The National system first provided for reserves of Government bonds in reserve cities and these reserve banks had reserves in New York City to insure redemption of notes. This was an outgrowth of the Suffolk plan in New England and the New York Safety Fund, which provided for similar note-guaranteeing reserves on a less formal basis.

control the bank; and when this is the relation between a bank and its customers, it is not difficult to decide which in the end will suffer. Every dollar that a bank loans above its capital and surplus it owes for, and its managers are therefore under the strongest obligations to its creditors, as well as to its Stockholders, to keep its discounts constantly under its control.

Treat your customers liberally, bearing in mind the fact that a bank prospers as its customers prosper, but never permit them to dictate your policy.

If you doubt the propriety of discounting an offering, give the bank the benefit of the doubt and decline it; never make a discount if you doubt the propriety of doing it. If you have reason to doubt the integrity of a customer, close his account. Never deal with a rascal under the impression that you can prevent him from cheating you. The risk in such cases is greater than the profits.

Thus the National system aimed to assure not only absolute protection for notes through bonds reserved for that purpose but also through uniform examinations and reports.

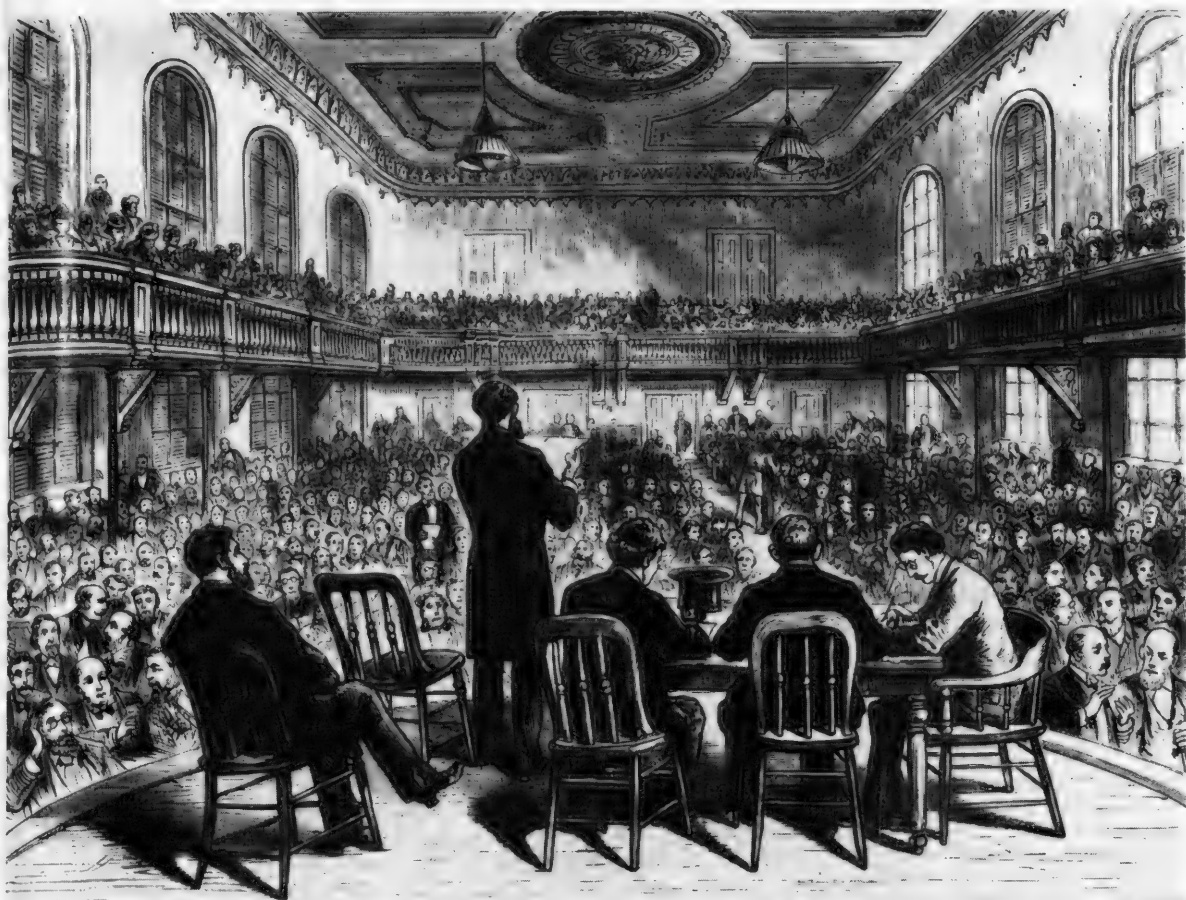
The years between the creation of the National Banking System and the Panic of 1907 were filled with problems and changes. The quest was always for a stable and flexible currency, with the accent increasingly on flexibility.

In 1875, soon after the panic years of '73 and '74, the first steps were taken toward organizing the American Bankers Association. In April 1875, invitations were issued for a "national convention of bank cashiers and bankers" to be held at Saratoga on the following July 20, 21 and 22. They were signed by 41 bank cashiers and two banks in 29 cities and went to all banks totaling 3,300 national, state, and private institutions.

A powerful impetus toward such an association occurred simultaneously in the nationwide campaign to get bankers together on building a bankers' pavilion at the Philadelphia Centennial Exposition of 1876.

Stressed among the original purposes of the Association were the exchange of ideas and the discussion of important national questions which "would exert a powerful influence for good." While these objectives have not changed through the years, there is little resemblance between the organization then and now.

Organized banking now includes associations for each state; for mutual savings banks in six states, plus their own national association; also NABAC; Robert Morris Associates for bank credit men; and several hundred county and regional clearing-houses and organized groups. Practically all are set up on functional lines for the basic purpose of improving bank services and operations.



ABOVE—The American Bankers Association Convention in the Town Hall, Saratoga Springs, N. Y., in 1878. It was in this same place, three years before, that the Association was organized

CULVER SERVICE

RIGHT—Charles B. Hall, cashier of the Boston National Bank, was the A.B.A.'s first president



LEFT—The Bankers' Pavillion, Philadelphia Centennial Exposition of 1876



CULVER SERVICE

First Half of the 1900s:



CULVER PHOTOS

In 1907 occurred another money panic which showed serious flaws in our currency system that made it unresponsive to the varying needs of business, seasons, and the Government. A national monetary commission was set up under the chairmanship of Senator Nelson Aldrich (*above, right*) and their recommendation was a reserve system along the lines of the present Federal Reserve System.

This came closer than anything before to a real central bank with 12 regional banks under the over-all direction of the Federal Reserve Board in Washington.

The original pattern has changed from time to time under the stress of World War I, the boom and crash of the '20s, the depression of the '30s, the great era of economic expansion in the '40s and '50s, and the great broadening of bank services.

Above, left, is A. Barton Hepburn, one-time comptroller and outstanding New York banker (Chase National Bank), who was a strong proponent of the Federal Reserve Act

THE unusual severity of the 1907 panic demonstrated again with tragic emphasis the inelasticity of our currency. This crisis was the final compelling reason for the creation of the National Monetary Commission in 1908 and the steps leading to the establishment of the Federal Reserve System five years later. The Commission was composed of nine senators and nine representatives and was headed by Senator Aldrich of Rhode Island.

Senator Aldrich's final bill, which failed to get Congressional support, concentrated chiefly on Administrative and centralized controls of the banking system. Perhaps the ghost of the Second Bank of the United States was hanging around someplace and frightened those political leaders who have a congenital fear of any monetary power that is independent of political control.

Educational Program

Meanwhile there had been organized the National Citizens League, with chapters in 45 states,

Sen. Carter Glass (*left*) with William Gibbs McAdoo, President Wilson's Secretary of the Treasury, at the time of the Federal Reserve's Beginning



HARRIS & EWING

The nation's financial community put its entire effort into Liberty Bond and War Saving Stamp sales in World War I. *Below, a booth on a Washington, D. C., street corner*



Giant Strides, Generally Forward

to conduct a campaign of public education on problems of money and banking. It was not committed to the Aldrich bill or any other but to the creation of some plan that would be best for the general welfare. Bankers and business leaders were active in this effort toward currency reform.

Geographic Problem

The United States, being a nation of great distances and economic diversity, had to have a monetary system tailored to fit our special circumstances and not along the lines of the central banks of Europe. Indeed, most of the troubles occurring in the years between the destruction of the Second Bank of the United States and the launching of the National Banking System and after can be laid to the fact that the country was spreading rapidly westward, and we did not have today's rapid transportation and communications to hold the whole structure together.

The geographical reasons for organizing the Federal Reserve Sys-

tem on a regional basis are tending to diminish, but they still exist. Also, since the System was set up several new financial forces have grown to great size entirely independent of any supervision by the System. These include savings and loan associations, insurance companies, credit unions, mutual investment funds, and pension funds.

After several years of evolution the Aldrich bill began to lose ground politically and Carter Glass of Virginia, then chairman of a subcommittee of the House Banking and Currency Committee, introduced the bill which eventually established the Federal Reserve System. The principal author was Professor H. Parker Willis of Columbia University, with considerable assistance from others, chiefly J. Laurence Laughlin, professor of political economy at the University of Chicago.

Years of Makeshifts

For a half century, from crisis to crisis, the inelasticity of the currency had been corrected on a makeshift

basis by the device of clearinghouse certificates issued regionally as required to supplement the supply of currency. In fact, the first step toward regional elasticity with a degree of national management was the organization of national currency associations to issue money similar to clearinghouse certificates.

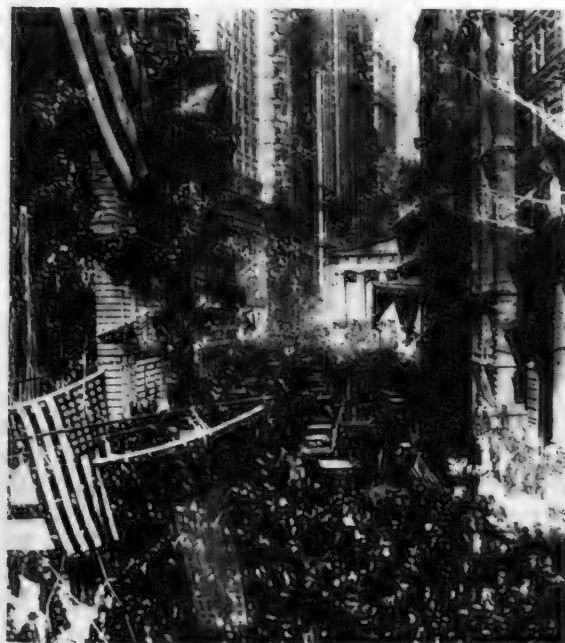
Question of Control

The pivotal issue between the Aldrich and Glass bills was this matter of control, and many said at the time that the Glass bill was simply the Aldrich bill in disguise.

The first half of the century was filled with banking changes of an epochal character—the 1907 panic, the creation of the Federal Reserve System, the test of World War I, the bust-boom-bust of the '20s, the birth of the FDIC, the depression of the '30s, the rise of competing financial systems, World War II, and the post-war boom.

Partly because of these and partly in spite of them came the modern concept of bank service for everyone.

Broad St. in New York City was packed with celebrants when the Armistice was announced in 1918. Below, looking toward the corner of Wall Street



UNDERWOOD

Crowds gathered in front of the New York Stock Exchange when the biggest depression of all was just getting under way in the late weeks of 1929



ACME

Depression . . . War . . .

Controls were enacted with monotonous regularity



UNDERWOOD & UNDERWOOD

March 9, 1933: The Emergency Banking Act is signed. Rushed through a special session of Congress, it gave the President control over gold and currency movements and banking transactions.



KEYSTONE

May 12, 1933: The President signs the Agricultural Adjustment Act giving him control over monetary inflation and the curtailment of agricultural production in the nation



ASSOCIATED PRESS

June 16, 1933: The 1933 Banking Act is signed giving the Federal Reserve Board control over speculative credit and separating the deposit and investment functions of banking



WIDE WORLD

January 30, 1934: The signing of the Gold Reserve Act gave the Treasury title to all gold coin and bullion in the country and authorized the President to revalue the gold dollar

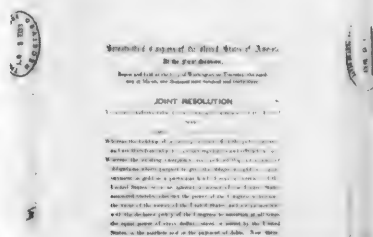
Banking Legislation of 1933

IN March, 1933, when Franklin D. Roosevelt was inaugurated as President of the United States, the nation's banking business was at a standstill. Among the new President's first official acts was to proclaim a bank holiday and Government control of gold.

On March 9 Congress met in extraordinary session and on that single day an emergency banking bill was introduced, considered, passed by both houses, and approved by the President. The act extended the banking moratorium indefinitely, and gave the President control of the banking system.

The purposes of the Glass-Steagall Act, passed in June, were to coordinate the Federal Reserve open market activities, prevent speculative use of credit, insure deposits in member banks, regulate their operation, separate security affiliates, and permit branch banking.

16 J. Nov. 1962 (PUBLIC RESOLUTION No. 11734 CONGRESS)



June 1933: The gold clause ends and the NRA, with all its hearings, begins.

[illegible]

... and Boom

Federal Deposit Insurance Corp.

A MILESTONE in American banking history was the establishment on a permanent basis of the Federal Deposit Insurance Corporation by the Banking Act of 1935. Federal Deposit Insurance had been introduced on a temporary basis by the 1933 banking act. The 1935 banking act, in addition to laying down deposit insurance policy, also amended the Federal Reserve Act in various respects, making permanent certain emergency provisions of 1932, establishing a new Open Market Committee, and authorizing the Board of Governors to change the reserve requirements of member banks within specified limits. It also effected numerous technical amendments to earlier banking statutes.



When the war clouds broke, the banking industry joined fully in the struggle



As business grew and flourished, the need for controls dwindled

Improvements in agriculture boosted production levels exerting tremendous pressure on the controls that were originally designed to restrict farm output and sustain farm prices



When wartime requirements were suddenly ended, manufacturers lost little time in returning to the production of consumer goods that people wanted and could afford, such as automobiles



The building industry thrived as materials once more became available and it turned to meet the need for homes that had been growing throughout the depression and the war years



An added spur to the economy was new industry, such as television, which was created before the 1930s but had to wait for the postwar era to find a favorable climate for growth



And Now . . .

THE approach to the '60s and the prospects for that decade are the most dramatic in banking's history as to expanding services, speed of operations, changes in building design, the adoption of effective sales methods, and myriad other ways.

Harold Brenton of Iowa, former Association president, recently listed salesmanship as one of the three new dimensions of bank lending, the other two being safety and economic compatibility, by which he meant measuring a loan by its benefit to the community and economic desirability. It is this last point that is making the story of every individual bank in the United States synonymous with the story of the growth of its community.

Constant Change

THE history of banking has been a history of constant change. If Rip van Winkle had been a banker and had fallen asleep a hundred years ago and awakened today, he would find banking virtually unrecognizable. In the first place, there was no national monetary system in 1860. Banks issued their own notes and many of these had limited circulation, one reason being that most of them changed in value literally from day to day. There was no central banking system to coordinate nationwide banking. Banks 100 years ago were, for the most part, isolated institutions whose business was circumscribed by their own local communities.

Today we have a monetary system based on a national currency, and the deposits in our nationwide commercial banking network, and we have the Federal Reserve System. Mr. van Winkle, suddenly awakened, would, I am sure, find incomprehen-



President Bimson

sible the fact that the gold, specie, script, and private banknotes which comprised most of the working money of a century ago have been replaced, mainly by the estimated 14-billion checks processed annually by our modern banking system.—President CARL A. BIMSON of the American Bankers Association

Secretary of the Treasury Anderson (*left*) and Federal Reserve Board Chairman Martin have monetary responsibilities far greater in complexity and dollar amount than any of their predecessors had. For a brief treatment of two of their problems, see pages 40 (gold) and 59 (Fed independence)



"I deeply believe the Federal Reserve Board should continue to be free of political pressures . . ."

—Vice-president Richard M. Nixon

The Presidential Campaign and Monetary Policy

"It (the Federal Reserve Board) must bear in mind the economic objectives of the Administration, and I am confident that it would respond to leadership by the Administration."—Senator John F. Kennedy

HERBERT BRATTER

ON numerous occasions during the campaign the Presidential candidates have brought up the matter of monetary policy in a general way, although not in detail, for in its modern form the "money question" is far too complicated to explain on the hustings or to a TV audience of 70,000,000. The way the public gets the issue, it is simply this: Do you want easy money or tight money, low interest rates or high?

Last May, before the party platforms were written, *The New York Times* consulted close associates of Senator Kennedy and reported: "Senator John F. Kennedy has decided not to advocate that the independence of the Federal Reserve System be ended or diminished. The Massachusetts Senator has already attacked the Federal Reserve's 'tight-money' policy and will presumably continue to do so. But after considering the matter he has concluded that the nation's monetary management should remain as now in the hands of a central bank with some independence of the Executive."

The *Times* added: "It is not known whether Senator Kennedy decided not to 'touch' the independence of the Federal Reserve primarily on the ground of the effect on foreign confidence. But it is clear that international financial officials are watching eagerly the monetary pronouncements of all the candidates. Without control of the Federal Reserve no President can guarantee that he can bring about easier money and lower

The Verdict of Experience

HISTORY tells us of the fate of empires whose rulers came to believe that money didn't matter, whose currency was so debased that it was only acceptable at the point of a sword. The sword itself often turned against its master when paid in the same coin. Can we profit from the experience of others, or must we repeat their mistakes?

Today there is partisan strife in Britain, as well as here, but both Conservative and Labor parties are committed to defend the pound and hold down the price level. Socialist governments abroad follow flexible credit policies as a matter of course when conditions call for them. Staunch spokesmen can be found for monetary discipline in Communist Poland. . . . From Salazar Portugal to Khrushchev Russia, flexible credit policy is a scientific technique of social control, not an ideological bone of contention.

But here in our own country the issue of monetary discipline and credit restraint unfortunately has been made by some the shuttlecock of partisan politics. Perhaps it is a battle in the cultural revolt against discipline itself, against the so-called threadbare Puritan virtues. Thrift, sacrifice, sweat, and self-discipline are tightfisted virtues. Credit restraint is an instrument of old-fashioned discipline. These values are not pleasant or popular. We want to live now and face the consequences later. We want our economics made easy. What we can get is another matter.—DR. GABRIEL HAUGE, chairman, finance committee, Manufacturers Trust Company, New York, before the American Bankers Association convention.

interest rates." The paper cited Truman's bitter resistance of Fed independence in 1951.

Just how much independence Sen. Kennedy would allow the Fed if he had his way is not completely clear. In February he joined in criticism of the "bills only" policy. In June the Democratic platform promised that a Democratic President "will put an end" to tight money policies. Sen. Kennedy himself in Los Angeles said "any new Democratic President will find the Federal Reserve

pursuing a somewhat different policy. . . . The President has great influence."

At Indianapolis in October, in words reminiscent of FDR's 1932 campaign, Kennedy announced: "I believe in a balanced budget and an honest dollar." Apparently he does not think the present dollar an "honest" one. In Oregon last winter he devoted an entire speech to the Republican policy, "the costliest policy in our history—the policy of high interest rates and tight money." He

"Without a strong and independent central bank, private banking must inevitably lose the initiative it now possesses. Too few bankers seem to appreciate this fact."

—William McC. Martin, chairman, Federal Reserve Board

then stated: "This is one of the real issues of 1960 . . . which every American can understand—every time he buys a house or a car . . . pays more taxes . . . considers the new schools and the new homes . . ."

Nixon Answers

In September Scripps-Howard Newspapers asked both candidates whether they would attempt to influence Federal Reserve policies. Vice-president Nixon answered: "I deeply believe the Federal Reserve Board should continue to be free of political pressures. . . . The suggestion that the executive branch should try to influence Federal Reserve policy . . . points up one of the most important campaign issues regarding economic policy. . . . Opposition spokesmen . . . sound as if they plan to divert the Federal Reserve from its proper function to one of pumping up the money supply so as to peg interest rates at artificially low levels. Such a policy . . . would promote more inflation."

Kennedy Answers

Kennedy replied: "Although I believe it would be folly to rely solely upon monetary policies as a safeguard against either creeping inflation or a recession, I believe it would be equally foolish to foreswear the use of monetary controls. . . . The Board of Governors of the Federal Reserve System is given a degree of independence by the Federal Reserve Act, but it cannot be considered a fourth branch of the government. It must bear in mind the economic objectives of the Administration, and I am confident that it would respond to leadership by the Administration. In some instances, this will mean a reduction in interest rates; at all times the Board and the President should work together to achieve national economic goals."

While the above Nixon statement is unequivocal, that of Mr. Kennedy is not altogether reassuring to those who believe in an absolutely free hand for the central bank. Sen. Kennedy throughout the campaign

has been plugging the issue of "economic growth" and citing "the Administration's tight money policy" as a costly, hampering factor. So far as the general public is aware, the Federal Reserve Board is part of the Administration; and indeed it is true that the Board and the present Treasury have been seeing monetary policy eye to eye.

Mr. Nixon, of course, is unreassured by all this. "I submit to you," he says, "that if you look at his program . . . with regard to the Federal Reserve and free money or loose money, high or low interest rates, his programs in the economic field generally are the programs that were adopted and tried during the Truman Administration . . . that failed then. . . ."

The differences here quoted are not merely differences between the two men, but between the majorities of the two parties. The Republican platform insists: "We must resist

assaults on the independence of the Federal Reserve System; we must strengthen, not weaken, the ability of the . . . System and the Treasury . . . to exercise effective control over money and credit . . . to combat both deflation and inflation that retard economic growth and shrink people's savings and earnings."

But the Democratic monetary plank begins with these words: "As a first step in speeding economic growth, a Democratic President will put an end to the present high-interest, tight-money policy."

Sen. Joseph S. Clark (D., Pa.) in September promised that, regardless of who wins the election, "we shall carry into effect, through a new and enlightened Secretary of the Treasury, and perhaps with new leadership in the Federal Reserve Board . . . easier monetary policy."

There you have it in a nutshell: the money issue in the 1960 campaign.

Government in Banking

THE theory underlying the conception of a State Bank centers on the proposition that since a wise central banking policy is the basis of a sound national economic life, the bank should be under the control of the national Government. But the dangers of this course are great. Just because the decisions of the bank react on every aspect of the economic activities of the country, it is essential that its direction should be as unbiased as is humanly practicable, and as continuous as possible. But clearly if the bank is under state control, continuity of policy cannot be guaranteed with changing Governments, nor can freedom from political bias in its administration be assured. In most economically developed countries the probabilities are that the national Government will be the largest individual customer of the local money market. In such circumstances it is evident that, if it also controls the administration of money market policy, it may easily find itself in an equivocal position where it may be called upon to decide between two courses, one of which may be immediately convenient to itself and the other conducive to the ultimate interests of the country as a whole. The creation of such dilemmas should be avoided."

SIR CECIL H. KISCH and W. A. ELKIN in *Central Banks*

BETTER METHODS & SYSTEMS

*Ideas From
NABAC'S
Los Angeles
Convention*

The 36th annual convention of NABAC, the Association for Bank Audit, Control and Operation, provided for 1,500 delegates a program tightly packed with methods and systems ideas. For reporting here we selected some that deal with the day's big topics: automation, competition, management training and succession, cost cutting. Others will be developed in coming instalments of this department

How One Bank Will Mechanize Demand Deposit Accounting

REPUBLIC NATIONAL BANK of Dallas, which now has on its computer system the accounting and record work for travelers checks, installment loans and commercial loans, has started the conversion of demand deposit accounting. Senior vice-president William H. Greenfield, reviewing for the NABACers the bank's planning for and experience with the new method, summarized the system it has in mind for handling personal checking accounts on its equipment (RAMAC). Here is his outline.

INPUT. Checks and deposits will enter the system by means of magnetic tape prepared from the magnetically encoded items by the reader-sorter. New accounts, plus exceptions such as reversals, changes, stops, holds, and special information, will enter the system by means of punched cards.

RECORDS. Only two will be maintained: The basic customer record and the name and address tape, which will provide for six 40-character lines of names and addresses.

PROCESSING. The basic concept is the ability to permit processing, in random order, at any time desired, with reference to the debit posting run.

The exception run will set up new accounts, make changes to the records, close out accounts, set up and release stops and holds, make rever-

sals, and pay "good NSF's" and "O.K.'d Holds."

The edit run precedes all posting runs. The tape from the reader-sorter contains two items to a tape record. The edit run re-groups these into 16 items per tape record, and accumulates each 16 items and writes this total in the new record. At the same time a check is made to determine that all items are "on us" items, and that they are for personal as opposed to commercial accounts.

The debit posting run, it is anticipated, will be made at least three times daily—morning, afternoon, and evening, to complete the day's activity. It will post all debits to the account, as long as the account has a sufficient balance to cover the item. When the balance is not sufficient the item to be posted will be written on another tape, which will be called the NSF tape. If items cannot be paid because of a hold, a card will be punched indicating this.

The credit posting run will post all deposits to the account. It will be made after all debit posting runs have been completed.

The NSF run. All debit items written on the NSF tape will be run again in this run, which will be made after the posting of the credits. At this time the bank will determine which items were drawn on today's funds and which are true NSF's. Cards will be punched for each.



Arthur C. Suhrbier, NABAC president, is auditor, Continental Illinois National Bank & Trust Co., Chicago

Trial balance will be taken daily along with a complete unload to tape. The trial balance will give a complete listing of all accounts with balances plus special information on the account, such as stops and holds. Included in this run is a check for balance fluctuations of significance. A signal in the form of a card will be punched out when such is found.

Statements will be prepared on a cycle basis. Cycles will be determined by a numeric break in account numbers, but will also be carried in the computed record, to allow verifications and determination of exceptions. Input to this run will be by means of two magnetic tapes, one containing name and address, and the other giving all debits and credits for the statement cycle by customer number. Information will also

come from the customer record. The statement will be printed and will contain an itemized listing of all items processed during the statement period, along with beginning and ending balance. Service charges, if any, will be computed in this run, along with average balances for the period.

Name and address run. The updating of the name and address will delete from, change, or add to the name and address tape.

As soon as the conversion of personal check accounts is well under way, the Republic plans to start the conversion of commercial accounts. Procedure for handling these will vary basically from that followed for personal accounts, in that the bank plans to keep all records for commercial accounts on tape. This will require sequencing of all commercial accounts debits and credits to build up the current day's activity, prior to updating our records in the computer. The bank also will learn first hand the advantages and disadvantages of a random posting system compared with a straight tape system.

Reference to accounts will be by daily journal, daily trial balances, to checks and credits, and through use of two inquiry stations into the file for personal account information.

COST CUTTERS

HERE, tersely told, are some ideas and gimmicks for reducing expenses, reported to the NABAC convention by Charles D. Coen, controller, Amalgamated Trust & Savings Bank, Chicago.

By-product. The Pullman Trust and Savings Bank of Chicago plans to get a by-product advantage from its trial balances by including the account numbers as well as the dollar amounts on these trials, which will then be sent to the bank's remote warehouse. In the event of a disaster the trials will help reconstruct the accounts. This program will supplement other procedures, including microfilming.

Ad Inserts. The Commercial National Bank of Peoria, Ill., incorporates advertising inserts in its direct verification of loans and savings accounts. The premise is that these

The Competition for Savings

CARL A. BIMSON, president of the American Bankers Association and of Valley National Bank, Phoenix, Ariz., called the convention's attention to the competitive factors affecting commercial banking, particularly in the savings field.

During the last 10 years, when the savings and loan associations' proportionate share of savings rose from 20% to 35% of the total and the credit unions' more than doubled, the commercial banks' share fell from 50% to 40%. Of the total annual increase in savings in a group of financial institutions commercial banks had 43.1% in 1957, 41.3% in 1958, and 26.6% in 1959.

"This 16.5% drop in a 3-year period indicates something is wrong," said Mr. Bimson.

If banks are to meet the competition, he asserted, they must offer "a better and more complete retail banking service at competitive prices, in the most convenient way possible." Noncompeting bankers must realize that if they are not paying an attractive rate on savings, "sooner or later their savings will go elsewhere.

"Some commercial bankers reply to the criticism leveled at their non-existent or very minimum interest rates by saying: 'It's all right for the big banks to pay 2% or 3%, but

our present rate is all we can afford.' But is it? This is one of the arguments set forth by some of our competitors who maintain that our savings deposit interest payments are probably made out of earnings from other of our operations, anyway, so we should not try to retain present savings or gain more.

"Unfortunately most banks have given too little thought to a cost study of savings operations; in consequence, it is difficult for them to determine the actual profitability of savings funds. If this hasn't been done, how would any bank know for certain that its present rates are all it can afford to pay?

"What many banks may not realize is that the interest cost of savings accounts in larger measure can be offset by the reduced operating costs incurred in the handling of such accounts."

A bank's decision on whether to seek savings deposits "should be based on cold, hard facts relative to the cost of time deposits, their net earning potential, and the makeup of the bank's investment and loan portfolio. This is basically a cost-accounting problem which you are admirably equipped to handle, and I have wondered why more banks have not previously made that kind of an analysis."

customers are not getting promotion pieces in any other way. Commercial hasn't determined whether this idea will affect the response to verification requests.

Another By-product. The possibilities of obtaining direct verifications as a by-product of operating routine shouldn't be overlooked, Mr. Coen suggested. Banks with significant volumes of consumer credit loans generally prepare a payment record for the borrower some time after the loan is made, and mail the book to him. A negative or positive verification is obtainable at this time by turning all new loan payment books over to the auditor, who balances them to the debit total for new loans and puts them in the mail under his control. Return mail must be direct-

ed to the auditor to make this verification effective. The First New Haven (Conn.) National Bank reported that several interesting matters were revealed through this procedure which otherwise might have gone undetected.

Confirmation Forms. The First National Bank of Akron, Ohio, prepares positive confirmation forms for checking accounts on its Post-Tronic, utilizing the balance transfer operation and taking advantage of the automatic balance pickup feature of the machine. The same can be accomplished on Burroughs equipment, Mr. Coen pointed out.

Withdrawals. The auditor can make a real contribution to his (CONTINUED ON PAGE 130)

Keeping Real Estate Loan Trust Funds Current

EARL M. MARSTON

The author, temporarily serving as consultant to Bank of Hawaii, was formerly with Bank of America in California. There, prior to retirement, he supervised forms control and for many years edited and directed the issuance of procedural instructions to that bank's several hundred branches.

THE real estate mortgage and deed of trust forms of the Federal Housing Administration require the borrower to pay the lender, in addition to principal and interest, the monthly pro rata of insurance premiums, taxes, and other prepaid charges. These payments are accumulated by the lender in a trust fund, sometimes termed an escrow account, out of which the obligations are paid as they become due. Many lenders have a similar requirement in their security instruments for conventional real-estate loans.

The FHA Mortgagees' Handbook prescribes how the trust fund is to be established for FHA loans, but the manner in which such collections may be analyzed periodically to determine any sum necessary to cover a deficiency and any change in the total monthly amount, is left to the lender.

The form reproduced here will accomplish both objectives. The formula will provide an excess of one month's collections for all purposes when any trust fund payment is to be made. This accumulation is slightly less than is permitted by the provisions of the FHA mortgage or deed of trust but simpler to compute. Tax increases are the principal factor creating deficiencies. The best time for the annual analysis of the fund is, therefore, immediately after the new tax bills are received.

The inserted figures reflect the following:

Three-year hazard insurance policy expiring March 2, 1961

FHA insurance premium due each February 1

Taxes: November instalment as shown (the first instalment was paid in June)

Semi-annual ground lease rental due January 1 and July 1. The July 1 payment had already been made so the amount is added to the amount "now in trust fund."

Computations Explained

Most of the computations will be understandable except perhaps those for "Taxes" and "Ground Lease Rental." The printed multiplier on the tax line is the number of monthly payments required after the July loan payment is received so that future payments will provide in November, the total instalment due plus one month's pro rata. To obtain the multiplier for semi-annual ground lease rental, deduct 6 from the multiplier at the top of the column for that month when the next payment is due.

Any deficiency to be collected from the borrower will be reflected in col-

umn E. The new monthly payment amount is the total of column C. In this case, the total is rounded to the next even dollar; the added amount is allocated to taxes in future collections. After completion as shown, the form can be used by a typist in preparing the notice to the borrower.

To adapt the form for use in any other month (1) change the line of numerals in Section D by inserting 13 in the column of that month when the analysis is to be made, the figure 12 in the column for the following month and decreasing progressively for each of the remaining months of the year; (2) change the multiplier on the "Taxes" line to produce the result as explained above; and (3) change name of the month where it appears elsewhere on the form.

Write the Author for a Copy

A copy of the form, which includes complete printed instructions, may be obtained upon request to the author at Bank of Hawaii, Honolulu.

This picture of the form omits the printed instructions

CUSTOMER'S LOAN TRUST FUND RECONCILEMENT																		
Borrower <u>R.E. Borrower</u>										JULY		7-6 1960						
Address <u>1234 Center St. Yountown</u>										Loan Number <u>12268</u>								
AFTER THE JULY LOAN PAYMENT IS CREDITED AND BEFORE JULY DISBURSEMENTS, THE NUMBER OF MONTHS ACCUMULATION SHOULD BE →																		
A		B		C		Section D MONTH OF DISBURSEMENT												
ITEM		TOTAL PAYABLE		COLLECT EA. MO.		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
Hazard insurance premium - In section D, add 12 for each policy year expired		120 60		535														97 15
FHA insurance premium		60 96		508														30 48
Special assessment																		
Taxes - November instalment		98 24		15 54		multiply amount in column C by 3												46 62
Semi-annual ground lease rental		90 00		15 00		see instructions (Section D) 7												105 00
(a) Total - column C		98 24		15 54		198 10 90												279 25
(b) Principal & interest monthly		73 80																228 10
(c) Accident & Health insurance per month																		56 15
(d) Total - lines a, b, and c		172 04		15 54														187 58
Prepared by <u>402</u>																		

How to Help Your

MARGUERITE BECK

WHAT'S the story on current efforts to help regions, states, cities, and towns grow? What's the story on such things as area development, industrial development, and urban "redevelopment"? How do they hang together to make a whole? And where do you fit in?

If you, as a banker, want to know which of these programs is going on in your area, how do you find out? Contact your state's development and

planning commission; see your local chamber of commerce; and check with the railroads and utilities servicing your area. If you know that nothing is happening, but you want to see an urban renewal program get started, or help plan the economic evolution of your community or state, and you'd like to talk it over with other interested businessmen or public officials, try these same sources.

The national picture is an overlapping, interlocking, transparent jigsaw puzzle in the shape of the United States. Subnational economic development, as it is called, is

being guided, guarded, and fostered by a myriad of public and private agencies, concerned with separate and similar aspects of the same problems.

No Control From Above

These agencies, moreover, don't "head up" anywhere, in the national sense. Rather, they seem to "sift down." Intercity, interstate, and inter-regional competition for industry and business is one of the basic motivators for these many plans. Each agency is concerned with the growth and conservation of its own geographic bailiwick, rather than with contribution to an over-all national picture. Local agencies may cooperate with state agencies, or state agencies with those working for an entire area or region, but they usually function as independent, cooperating groups, and the level of direction goes no further than that.

There is, of course, the Urban Renewal Administration, in Washington, D. C., constituent of the Federal Housing and Home Finance Agency, which is the central cooperating Federal financing agency in the area of urban renewal, but impetus for urban renewal programs remains local, plans are formulated locally, and the Urban Renewal Administration is the cooperator with local planners, rather than vice versa.

Private Agencies on a National Level

There are some private organizations which function nationally, which try to give direction to economic growth, area development, industrial development projects, and urban renewal. Among them is ACTION, Inc., located in New York, a privately sponsored research and counseling agency which gives aid to urban renewal projects across the nation and tries to inspire effort in

The center city of Hartford, Conn., has been the target of typical and successful renewal efforts. A current project is indicated by white outline



**Your State—*

**Your Area—*

**Your Region—*

Community* Grow

needful areas. It helps locate administrators, gives counsel and reference material, helps research needs, and supplies stimulus to action via advertising.

Another is the Area Development Committee of the Committee for Economic Development. This private, industry-financed research and recommendation group of top-level businessmen and college presidents pursues the prime interests of aiding our economy to higher levels of employment, increased productivity, and higher living standards. They research and recommend activities in industrial development, economic development, urban renewal, and any contingent areas of subnational evolution from local township levels on through such things as statewide credit corporations and regional development groups.

There are also professional organizations—groups of men involved in public administration and planning, who have a picture of what's going on and who counsel with each other generally but not specifically.

Now, what subnational agencies are there? How do banks fit in? And who finances them?

Public and Private Subnational Agencies

There are two ways of programming for growth—public and private, depending upon who's paying for it. There are, for a start, 54 state planning and developing agencies which use public funds for industrial and tourist advertising, for urban renewal and planning programs, for economic research, water and mineral resource investigations, industrial development and mapping services.

How does this concern banks? State agencies, when queried in a recent survey, seemed to feel that more private leadership could be supplied these agencies by banks and bankers;

that more cooperative enterprises could be embarked upon; that banks could make use of the information and know-how these agencies offer, in helping make industrial decisions; that more industrial area advertising might be sponsored by banks and bankers; and that more financial assistance might go to small businesses, which would contribute to a state's general growth.

In addition, several states have public agencies whose primary function is guaranteeing the financing of new plants, and the purchasing and improving of land for industrial purposes, often before inviting industrialists to look over the site. In 1958, at least New Hampshire, Kentucky, Pennsylvania, Maine, and Rhode Island had such groups. Usually called industrial financing corporations, they need spearheading and leadership on a voluntary basis by bankers. They need banks to be willing and able to finance new plants and industrial sites, when guaranteed by the agency. They need banks to invite and encourage industry to locate at

these publicly developed sections.

On the city and county level, some 299 publicly financed municipal or county development agencies are busy attracting new commerce and industry in yet another way. These groups try to supplement existing chambers of commerce and industrial foundations in a very specific way—they try, by working with decision-influencers, to attract business in terms of the characteristics of the area's unemployed labor force, the assets of the community, and the impact of the new concern on government services and facilities in the community. Private voluntary agencies of a similar nature exist, in which bankers, realtors, representatives of local utilities and local government join together to work out all the relocation specifics that make a manufacturer's choice of locale practically workable and specifically desirable to his type of industry. Here too, bankers are needed for leadership and for specific professional guidance in suggestions for acquisition of a suitable site, pre-

(CONTINUED ON PAGE 156)

"Big public decisions lie ahead in each metropolitan area, decisions which will vitally affect opportunities for private employment and private investment.

"Civic responsibility and enlightened self-interest demand that local business leaders work closely with elected and appointed officials in their communities in reaching public decisions and carrying out public programs."

—Jervis J. Babb, chairman, Area Development Committee, Committee for Economic Development.

*Your Town—

*Your City—

*Your County—

Here's news from a new field.

What's going on in

On-the-Job Services

CURRENT revisions in an earlier study of credit union needs for a central bank and a central discount agency underline the necessity for another look at their pitch for Federal legislation enabling further centralization of the credit union network.

"Credit unions," says John T. Croteau, Notre Dame professor, "will likely need an external facility which will permit them to readily convert assets into cash without sacrificing in values, and with little or no disruptions of operation."

And, according to so authoritative a voice as the assistant managing director of CUNA itself, "We are going to Congress next fall to ask for a national central bank for credit unions."

They are, of course, talking about one and the same thing.

The newest revisions make it clear that CUNA has it in mind to press for direct Government aid—a discount mechanism to tap the central money market somewhat as the farm co-op agencies have with FICB debentures and FLB bonds. This was rumored prior to the revisions in the CUNA-sponsored study, and would likely make it possible for credit unions to tap the money market at a price similar to that obtainable by production credit associations—the more than competitive price of $\frac{1}{2}\%$ less than that generally available.

The study, entitled *Study of a Proposed Central Credit Society*, was prepared by John Croteau for presentation to the Director of the Bureau of Federal Credit Unions to give him CUNA's interpretation of the nature of the need for a central credit union.

How It Might Work

According to *Reports, Inc.*, of Kent, Conn., Mr. Croteau's newest outline of function for a central credit society is as follows:

- (1) To serve as a reservoir of liquidity to enable credit unions, by short-term borrowing, to meet seasonal or exceptional loan or share withdrawal demands.
- (2) By intermediate-term loans, to provide assistance in the growth of local credit unions which are experiencing a loan demand in excess of their current savings.
- (3) To serve as a "lender of last resort," where a credit union can, if necessary, discount up to 100% of its note holdings.
- (4) As time goes on, and as needs develop, to provide credit unions with other ancillary services.

Says Mr. Croteau: A central "must break away from the simple credit union model and adopt for the most part the customary structure of financial institutions."

Federal Reserve Board Chairman Martin has expressed some doubts as to the purposes served by some of the proposed mechanisms. As he has remarked, special privileges have been granted credit unions because of their cooperative and nonprofit nature, and they should, therefore, "be required to conform to such character and avoid undesirable commercialism."

"The Board," said Mr. Martin, "has come to question whether some of the changes . . . proposed may not tend to encourage undue expansion of credit unions in a manner at variance with their basic purpose."

To quote FDIC Chairman Jesse P. Wolcott: "Congress should be mindful of the effect on existing financial institutions and avoid the establishment of a third financial system in addition to the banking system and the savings and loan system of the country."

Creating a third financial system seems hardly the way to encourage credit unions to remain within the bounds of their much-discussed original function.

And in addition, according to Mr. Croteau's report:

- ◆ Nearly 97% of credit union respondents to a CUNA questionnaire said that no bank had ever turned down their credit union for a loan, probably a higher percentage than that to be found for any other kind of business institution.
- ◆ A central credit society won't help unions avoid the cyclical fluctuations in interest costs—rather, central rates would have to reflect the free market cost of money.
- ◆ Many credit unions don't want a central society.

Newark Area Well Served

Fidelity Union Trust Company, recently inaugurated a Where-You-Work banking service which has been so enthusiastically received by major employers throughout the Greater Newark, N. J., metropolitan area that Fidelity's consumer banking services are now available, at places of employment, to over 10,000 people.

At the time the plan is installed, this bank assists the host firm in introducing the plan to its employees, so that the plan is tailored to complement the existing fringe benefit pattern.

We Followed Our Customers to the Suburbs

Walter B. Kelley, Vice-president at Commerce Trust Company in Kansas City, Mo., tells the story of his bank's participation in on-the-job service—the "why"—which is different from the reason advanced by most banks—and the "wherefores"—which include some new observations, too. Mr. Kelley first included these observations in an address delivered to the Iowa Bankers Association Instalment Credit Conference.

In any new bank program, background is an important factor. As for on-the-job banking, bank location, state laws, and commercial trends in a given area will often determine the course of action. Commerce Trust Company is a downtown bank in an industrialized area that is experiencing a dispersion of population to the perimeter of the city. Missouri is a unit banking state. Our bank could have been faced with the prospect of becoming almost wholly a time sales financing organization with less and less demand for direct loans. Through on-the-job services, we hope to retain banking customers and loan customers who no longer find it necessary to come to the central city for their employment.

The launching of this program was to us a vast undertaking—too large, and covering too much an area, for our instalment loan department. After developing presentation kits, we outlined the presentation program to more than 40 officers, many of whom had little or no knowledge of instalment lending. Think customers can ask questions? You would have been astounded by the questions posed by some of our old guard commercial officers. Much briefing was needed before actual solicitation.

When we were ready, we sent top management of each of 300 firms a letter over the signature of our bank's president, advising that a bank officer—and we named him, in each case—would soon call to acquaint the firm with a new service for management and employees. We fanned out over the city, and presented our on-the-job program to about 100 firms in our first two weeks of activity. Reception was good; response was slow. We learned that many executive meetings with labor representatives or clearings through out-of-town offices would be involved, before final acceptance could be made. A number of follow-up calls became necessary, so the filtering-down of the message to the employee level was somewhat delayed.

Then, much detail seemed to be involved in the actual presentation of the plan to employees. The best way seemed to be enclosing in employee pay envelopes a letter from top management to employees, along with our brochure. We followed with the usual installations.

It was several months before applications began to come in quantity.

The first few applications from just about every company were a bit disappointing. They were few, and submarginal credit risks. After many of these loans were declined, we began to receive a reasonably steady flow of creditworthy applicants, and now, after almost a year, our rejection rate is low.

We've tried to be helpful in emergencies, with very good result. One eligible employee learned soon after his arrival at work that a relative had passed away on the West Coast. His plane left early that day; he had no funds. We had never dealt with him before, but we were able to provide him with \$500 in time to make his plane connection, and this plant is located some 15 miles from our bank. This story spread around his plant when he returned, and we benefited by goodwill and more loans.

We Had a Big Call Program

We've called on over 300 firms. The plan is operating in some 91 firms, ranging from 12 employees to over 3,000. Some dozen others have the employee contact us directly.

Savings accounts through our on-the-job program have been disappointing. They amount to less than 5% of our total savings accounts. A few checking accounts have been received, but the instalment loan feature has been the most popular part of our plan. Loan delinquencies have been negligible, and we've yet to have a charge-off.

Surprisingly, convenience, rather than location, seems to be a primary motivator to employees. For example, seven applications came in from a firm which had banked with us for years, located within walking distance of our office. These seven applications came in within a week of the plan's beginning, and none of the seven, although they had ample opportunity, had been our bank's customer before.

One selling point is our preferential interest rate. Our on-the-job rates are from ½% to 1% lower than for a walk-in customer or on purchase paper. We find this to be competitive with credit unions. The lower rate is absorbed easily as acquisition costs are low, and in a majority of applications the work of completing the various forms is done by the borrower. Surprisingly, this has given us a higher quality of information than when trained interviewers take the application.

We found our new service to be a useful tool, not just in competing with other financial institutions, but also in dealing with population shift. Now, even in a unit banking state, we can be where our business is.

..... *Trends in Mortgage*

THEODORE VOLCKHAUSEN

Savings Gaining

For more than two months the flow of savings has improved. It cannot be said that commercial banks with their 3% limitation have been among the major beneficiaries of this trend, but withdrawals are down and the level of their savings deposits has become much more stable. The majority of those savers to whom yield is everything have made their moves—and the period of heavy withdrawals to shift funds to institutions paying 4% and 4½% has run its course, at least for the time being.

Disenchantment with the stock market accounts in large part for the improved savings picture, and commercial banks are getting a share of the resultant "convenience" savings. While the money coming in may, in time, find its way back into the stock market, the drop in equity values was great enough to discourage the average small investor from putting much of his money back into stocks for a long time to come.

At the same time, the demand for commercial loans has dropped for community banks, and the rate of growth in their instalment loan departments has slowed.

Mortgage Funds Increasing

This should strengthen the banks' interest in enlarging their mortgage acquisition programs. The rising interest displayed in the Regional Mortgage Conferences sponsored by A.B.A. indicates that it will.

Most of the mutual savings banks are convinced that the improved savings pattern will be continued. Those who are not sure are usually found among those limited to paying less than 4%, though most of these, too, believe the tide has turned. This is proved by the optimistic comments heard at recent state savings bank conventions. It is also suggested by the fact that an increasing number of savings banks are buying mortgages heavily—at least by standards set in the first three quarters of the year. Also, they are more willing to make advance commitments than they were even two months ago.

This means that mortgage yields will probably decline further, although it is generally felt that any near-term declines will be minor and come at a slower pace.

Home Starts

The question most frequently asked these days is whether the supply of mortgages is due to increase. There has been a brief period of month-to-month improvement in starts and if this is followed by a period of better home sales the supply of mortgages will become more nearly sufficient to meet the growing demand for loans. So far the situation has been becoming more unbalanced every day.

However, it would be going out on a limb to state with conviction that home starts are due to enjoy sustained gains.* There is no question that the better inflow of savings has encouraged some institutions to advance more money on construction loans and to make more commitments for future delivery. This has encouraged starts but we have seen from the record this year that starts no longer ensure sales.

Home Sales Poor?

Whether or not homes can be sold on a rising scale during a time when more and more people are worried about a recession remains a question. Those with long experience in the construction loan field are being extremely careful in the way they advance this money. They look askance at some of the newer entries who are failing to limit their builders in the number of houses built ahead of actual sales.

* September starts were 103,400 units, compared with 129,900 in August.—Ed.

Lending

Editor, *Bankers Research*, a newsletter

Realtors, generally, feel that **sales of both new houses and old houses have been poor so far this fall.** Many state that their biggest handicap is the fact that new home sales cannot be closed because most prospective purchasers wish to upgrade, but can't sell their present homes.

It has been guessed that a new Administration and a new Congress, to give a boost to the economy through more home building, might sponsor legislation permitting 35- and 40-year terms on houses. This, should it come, could stimulate sales, particularly if the used home problem were to be solved by a proportionate liberalization of terms. It could also lead to tragic overbuilding.

From now on, it is believed that **housing will realize its full market potential during periods when employment and economic confidence are high and to lag when these lag.** Until just recently the postwar period has been one which saw starts and sales climb as a business boom slowed because that was when home loans and better terms became more available.

Mortgage Yields Changing

As this is written average prices on VA loans in the secondary market run between 92½ and 93½; on FHA's they run 96½ to 97½. Conventional loan yields run from 6% to better than 7% average, depending on which part of the country they are originated in. It is believed these will go somewhat lower as a number of lenders in the northeast have been taking 5¼% and 5½% mortgages.

Even if yields decline further during the balance of the year, **the returns promise to compare favorably for the period ahead,** which, it is believed will be one of lower yields on shorter term loans. For the purpose of figuring yields on discounted VA and FHA loans, the mortgage banking industry estimates a twelve year life per average loan. So far, in the postwar era, the average retention has been nearer to seven to eight years.

Pension Funds May Favor Mortgages

At a recent A.B.A. mortgage conference it was stated that **commercial bank mortgage departments may find themselves in a specially favored position with bank-administered pension and welfare funds if they can provide a flow of quality mortgages to them.**

Trustees of pension funds are becoming more interested in the good yields available on mortgages from what could be seen at the recent Mortgage Seminar for Trusteed Funds sponsored in New York by the Mortgage Bankers Association. One hundred such funds were represented. From the many pertinent questions asked, it was plain that, while most of these trustees know little about the mechanics of the mortgage market and little about the opportunities it offers them for profitable investment, they are anxious to learn.

If pension fund managers are given more opportunities for discussion such as this meeting provided, they are likely to become growing investors in mortgages. Over the past few years a few mortgage bankers have been able to report increased sales to pension funds.

As yet, it has been a narrow market. Only a few of the funds have been doing any buying, though they have been doing it on a rising scale.



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with the new

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The fronts and backs of 500 checks—1,000 pictures in all—can be taken in 1 minute with the new RELIANT 500 Microfilmer

New RECORDAK RELIANT 500 makes the whole microfilming routine easier and faster than ever before. In one continuous operation, items are microfilmed . . . the film record is indexed . . . and the original items are endorsed or cancelled (using accessory RECORDAK Endorser).

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Now a \$13-Billion Business!

Commercial Financing and Factoring

Competition? Yes and No.

*Some Banks Are in the Field, but the Usual
Relationship Is Lender-and-Borrower.*

J. CARL COOK

A GOOD way to slow down a conversation among bankers is to mention commercial finance companies and factors, the dark continents of the financial world that topped a \$13-billion volume last year, and gave every indication at the first half of upping that figure in 1960.

Bankers generally can't talk much about this multi-billion dollar business, especially factoring, because many of them have only a vague idea of how this kind of financing operates and seem to know little of its relationship to banking.

Understood or not, the business of factoring (essentially, buying accounts receivable without recourse) and commercial financing (buying them with recourse) continues to expand at a rapid rate.

Volume Doubled

Within the last five years the volume of commercial financing has doubled; however, factoring has not done as well. According to the National Commercial Finance Conference, the industry's association, in 1940 commercial finance companies did an annual business of about \$411,000,000 and factors did about \$790,000,000.

The following year commercial finance companies had upped their volume to \$536,000,000 and factoring jumped to \$1.14-billion. In 1954 both kinds of financing did about the same volume, \$3.15-billion; however, since that time commercial financing has moved ahead to a record \$8.75-billion and factoring reached the \$4.68-billion mark last year.

First half reports indicate that 1960 will be another record year in the finance business. For example, James Talcott, Inc. acquired receiv-

ables worth \$610,000,000 in the first half, as compared with \$495,000,000 in the same period last year. Standard Financial Corporation's earnings after taxes reached \$603,647 in the first half as compared with \$510,083 in the comparable period last year.

Reasons for Expansion

The expansion of non-bank finance is, of course, tied up with the expansion of the American economy. There are also reasons for this expansion that are peculiar to the evolution of financing, itself.

Although commercial financing, the gargantuan kid brother of factoring, was born somewhere around the turn of the century, factors boast that factoring can be traced to the golden days of Babylon. However, it was the New England textile industry and European fabric exporters who gave birth to modern American factoring, which is still supported mainly by the textile industry.

Within the last few years, however, the larger finance houses have severed the umbilical cord that has bound them to textiles and branched into various other fields, from carpets to plywood and from toys to lawn mowers. Walter Heller, founder and chairman of the board of Walter E. Heller & Company, which has even financed motion pictures and television productions, said that "The more unorthodox the business that needs factoring, the greater the challenge."

With this philosophy behind them, non-bank lenders are prepared to provide credit at greater risks and, of course, at greater costs than banks.

What is the relationship of banks to corporate finance companies? Are these companies getting business that should be going to banks?

In a random sampling of opinions of bankers and non-bank finance men, BANKING found that the consensus is no. Edward F. Gee, vice-president of Virginia's State-Planters Bank of Commerce and Trusts, summed it up this way: "We lend to factors as we would to any other lending institution. We feel that factors are not in competition with us and that factors serve where banking leaves off."

Frank M. Deaver, Jr., head of the factoring division of the Trust Company of Georgia, stated: "Generally speaking, we feel that there is no competition and we prefer to think of the two as separate and distinct services. Although there is some overlapping from the financing standpoint, it is not likely that the usual commercial bank could furnish the credit, collection and bookkeeping services provided by a factor."

Factor's Viewpoint

From the factor's viewpoint, Walter Heller said that "Basically, their functions are different . . ." however, he does feel that "... banks are competitors in accounts receivable financing."

One New York banker said that his bank did some accounts receivable financing for old and good customers, but he saw no reason why his bank should compete with another good customer, namely the factor.

In fact, banks and finance companies are not only friendly, they are going steady. Much of the business of commercial finance companies.

(CONTINUED ON PAGE 136)



FlowerPower helps you cement relations with correspondents and customers

...send flowers-by-wire to keep in touch

If you can't be there to shake hands in person, wire flowers to your correspondents when they receive promotions, celebrate anniversaries, remodel, open branches—and when you just want to say “hello.” Your floral gift will be received warmly and displayed proudly.

It will also draw your banking network tighter. For plants and flowers are so sincere and unpretentious they have an effect no

other gift can match. They are always in good taste . . . always sure to meet the high ethical standards of the banking profession.

Try *flower power* and see the difference it makes. Just have your secretary phone your FTD florist. He's in the Yellow Pages of your phone book under FTD—Florists' Telegraph Delivery. He will help you make your selections and guarantee delivery *anywhere*.

Something warm and human and wonderful happens when you send flowers-by-wire

FLORISTS' TELEGRAPH DELIVERY



For the 50th year...
This Emblem Guarantees
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A powerful magnet—to attract



more new business to your bank!

THE MAGNET is *sound and effective advertising.*

What is sound advertising? One adman's logical definition: "That which is based on knowledge not only of the advertising business, but also of the business advertised."

Your A.B.A. Advertising Department includes men and women with long experience in banking as well as advertising.

What is effective advertising? Unquestionably, in our frame of reference, one criterion is acceptance.

Over 9,000 banks—approximately 60% of the banks of the country—use services of the A.B.A. Advertising Department. Thousands use the newspaper advertising mat services; still other thousands obtain direct mail booklets, folders and blotters, posters and other advertising material in quantities running high into millions.

Every month, your A.B.A. Advertising Department prepares new material, in various media, designed for your use in attracting more new business to your bank. Watch for it in the mail; and read about it in **BANKING**—every month!

Largest paid circulation of any publication in the banking field

BANKING

Journal of the American Bankers Association

This is one of a series highlighting a few of the many activities of the American Bankers Association.

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General Contractor: F. W. Cunningham & Son, Portland, Maine
Installed by: Soule Glass & Paint Company, Portland, Maine



One touch of the hand on these PITTCOMATIC® operated doors tells a customer he's welcome

They make things easy for their customers at the Portland Savings Bank in Portland, Maine. Touch one of the bars on these handsome doors and *instantly* the door glides open. It's the PITTCOMATIC automatic door opener in action. PITTCOMATIC's hydraulic, motor-driven operation takes the struggle out of opening a door. Because its mechanics are so simple, you can forget about troublesome periodic adjustments. And PITTCOMATIC avoids embarrassing incidents; the door can be stopped at any point in its swing. It's completely safe. With PITTCOMATIC there's no visible mechanism to mar

the door's clean lines. And PITTCOMATIC costs no more to run than an average home refrigerator.

PITTCOMATIC automatic door openers may be installed with mat, handle or remote controls, on any of PPG's three types of doors: HERCULITE®, WEST or TUBELITE®. Installation is extremely easy. The doors shown above are deluxe WEST TENSION doors; door frames are TUBELITE. For more information, call the PPG branch or distributor near you or write for our PITTCOMATIC booklet today. Pittsburgh Plate Glass Company, Room 0213, 632 Fort Duquesne Blvd., Pittsburgh 22, Pennsylvania.



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BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

Business Building Bulletin

NOVEMBER 1960

IDEAS AT WORK

Dramatic Ad Series Gets Wide Attention

NEWSPAPER ads dominated by dramatic photos related to a sales point got a quick—and favorable—reaction for Walker Bank & Trust Company of Salt Lake City.

Typical in the newspaper series was an insertion showing a small boy whispering to his younger sister: "We're going to have a baby brother." Then the copy said: "When it's time to tell the children there's a new baby coming, it's time to decide he'll be paid for in advance." This led to a savings account suggestion.

Other ads promoted checking service, a save-by-mail plan, and loans of all kinds. Typical headlines: "Do you

The Ideas section of the Business Building Bulletin is by JOHN L. COOLEY.

hold a job . . . or does the job hold you?" and "How to torture your wife." Savings accounts were promoted early in the year, home improvement and auto loans in the spring.

Evidence of customer interest: the Salt Lake City *Tribune* received more than 100 phone calls requesting tear sheets of the ad featuring the small boy; the bank also got many requests. The campaign was created by Harris & Montague, Inc., under direction of C. C. Hampton, senior vice-president of the Walker.

A Bank Enters the Livingroom

DECIDING that it was easier to bring the bank to people than people to the bank, the Exchange National of Tampa, Fla., accomplished its purpose with a series of videotape commercials.

With the cooperation of WFLA-TV (NBC, Tampa-St. Petersburg), the Exchange used a mobile unit and three cameras to produce, during business hours, scenes of the bank at work. Staffers impersonated customers.

Eight subjects were selected as most important to the promotion program: A general spot, covering full-service banking; a spot on auto-



Some 5,000 persons viewed a display of original *Saturday Evening Post* cover paintings at the Union Carbide office of The Hanover Bank, New York. Included were canvases by Norman Rockwell, John Clymer, George Hughes, John Falter, and Thornton Utz, among others



Cameras at work in the Tampa bank. On cue from the director, the staff actors followed through with their action for the spot

matic banking; checking accounts; a spot on "personal attention"; personal loans; savings; a spot showing easy-to-understand statements; and a spot concentrating on experienced management.

The commercials were written in advance; then each sequence had to be planned so that the three cameras—two on the main floor, one upstairs in the personal loan department—could be used to full effect.

The shooting was complex, and a careful scheduling of the characters was drafted. Thus bank people were prepared to be on hand at the exact time of the taping, and nobody lost more than an hour from his or her regular job. After the spots had been taped and approved, the sound was added by a professional announcer in the station's studios.

Howard H. Hilton Advertising Agency, Inc., Tampa, helped with the project.

The "Full-Service Bank" theme is being used in most of the advertising of the Exchange.

Carrying out the "do all your banking in one place" idea suggested by the Foundation for Commercial Banks, this institution displays the campaign's 7-star emblem in newspaper, television, billboard, and movie theaters commercials, reports Vice-president B. H. Merchant.

Bank President Thanks New Stockholders

BUYERS of stock in The Community Bank of Lynbrook, N. Y., which opened last summer, received from President William M. O'Neill this note:

Thank you for your recent purchase of Community stock and for your faith in this undertaking.

This is just a little note to remind

you that our bank is now open for business. If you have not already opened your account, won't you stop in soon. I am enclosing signature cards for your reference.

Also, as a stockholder you will want to, whenever possible, encourage your friends and associates to bank at Community. I am sure we will all benefit and appreciate such assistance at this time.

Stockholder contacts can help a lot—and not only when a bank starts business, as many institutions have found. An occasional letter suggesting, as Mr. O'Neill did, that the owners encourage their friends and associates to bank with you, to everybody's benefit, is not only a friendly but a practical gesture.

New Check Promotes a "Vacationland"

THE Union Bank of Erie, Pa., has a new personal check. On it, as background, is an art map of the dis-

trict—"Erie . . . Pennsylvania's Vacationland."

President Alfred J. Hartleb sent a sample to all city, county, and school district officials, chamber of commerce officers, and others, calling attention to the check and its promotion potential beyond the trading area.

Bank's Booklet Helps Choose Best Account

FIGURING that the selection of the best account for handling money can be a pretty confusing business to people not too familiar with banking services, Bank of Montreal prepared a small folder which it's promoting in a series of newspaper ads.

"The Right Account Will Save You Money" outlines the differences between savings, personal checking and "current" accounts and explains how each may be used to the customer's best advantage.

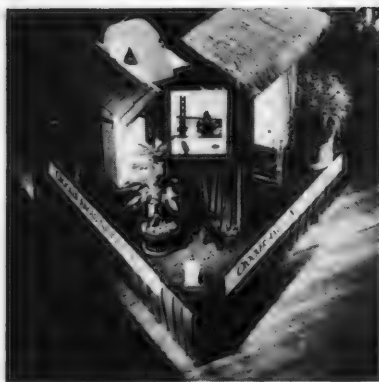
NYSBA Boosts Campaign to "Register and Vote"

THE New York State Bankers Association conducted a statewide campaign urging bank personnel, their families, and friends to register and vote in the 1960 national election.

Executive Vice-president Albert L. Muench implemented the effort among the state's 85,000 commercial bankers with a kit, sent to all member banks, containing five suggested letters for the executive officer to send to the employees.



Here's the new "Park 'n Bank" facility at The Union Market National Bank of Watertown, Mass. Located in a parking lot directly behind a branch office, the 20 x 20 foot building is connected to the office by a 75 foot tunnel. Pneumatic tubes transmit passbooks for posting. After the first three weeks of operation the facility was handling 27% of the branch's commercial teller transactions



Crocker-Anglo National Bank's exhibit at San Francisco's Pacific Festival featured three doorways typifying the areas highlighted at the festival: Latin-America, Australasia-South Pacific, and the Orient. A miniature display of products exported and imported by the areas was inside each door

International goodwill, tourism, the bank, and several of its services are among the promotional coverages.

Eye-Catcher Ads Tell Story of Name Change

AFTER a smaller bank in Petersburg, Va., had merged with State-Planters Bank of Commerce and Trusts, Richmond, a newspaper advertising campaign told Petersburgers the story of the name change, the locations, and the availability of loans at all the offices.

Six ads were designed to appear weekly over a 6-month period. All were eye-catchers. The first pictured a woman's foot; obviously it was being put down, and hard. Copy said: "No! You don't have to be well-heeled to get a State-Planters loan!" The Petersburg locations were mentioned and a personal loan chart was included.

Another ad featured a hand holding a candy mint, with this heading: "If this is the only kind of mint you have, then come in and see about a State-Planters loan." One pictured money burning: "If you have money to burn, disregard this message . . . all others, read on!" Three pencils balanced on their tips pointed to the fact that loans could be had at all three offices; each pencil was imprinted with the name of a branch.

Consistent use of the series, reports the bank, resulted in an approximate 25% increase in the number of loans processed.



One of 12 windows featuring the clock-watch display. The sign, on the panel says: "This 'Grandfather' or tall clock, built by Jacob Godshalk of Philadelphia before the American Revolution is an example of the fine workmanship of Pennsylvania craftsmen in the heart of the colonial clock-making region. The bell in the clock was ringing before the Liberty Bell"

"It's Time to Save"

THE 12 showcase windows of American National Bank and Trust Company of Chicago exhibited items from a private American time-piece collection. The slogan was "It's

Caricaturist Sketches Customers in Bank Lobbies

SEVERAL years ago a 36-year-old Australian with a red handlebar mustache, a blonde wife, and a trailer home presented the First National Bank of Dallas with what seemed to be an outlandish proposal. For \$500 he'd spend a week in the lobby drawing caricatures of the first hundred people entering each day. During the preceding fortnight he'd stir up interest by talking to civic groups and getting free publicity for the bank on radio and TV shows where he'd tell of the celebrities he'd sketched.

Well, that was the theory—and the First bought it. Gordon Currie took pen in hand one summer morning and sketched 250 people in the bank that day. There was time out for a press conference in the jammed lobby because the story had feature appeal for the Dallas papers; in fact, publicity was in high gear throughout the week. A Fort Worth TV station sent a newsreel cameraman to cover the opening, and gave 20 minutes evening time to it.

Since then Artist Currie has had a

full-time job. We're told that he's appeared at some 50 banks across the land, including Pittsburgh's Mellon National, Philadelphia's Girard Trust Corn Exchange, Atlanta's Citizens & Southern National, Cincinnati's Central Trust, San Diego's First Western, Fort Wayne (Ind.) National.

The obvious question, of course, is "How Much?" We're advised that Currie's fee is one-hundredth of 1% of the bank's surplus and undivided profits. His check has run as large as \$3,500 for a week's stint, including two weeks of advance work.

How much new business comes to the banks from these efforts is difficult to determine. Walter Lane, vice-president of Atlantic National in Jacksonville, Fla., is quoted as saying that Currie's visit provided "the opportunity to greet individuals in our lobby we'd never seen before in our bank."

Personages who have sat for Currie caricatures include Queen Elizabeth, President Eisenhower, Emperor Hirohito, and Mme. Chiang Kai-shek.

Gordon Currie at work in lobby of the National Bank of Detroit



Time to Save the American National Way."

Twenty-four clocks and 19 watches were a sampling of the collection assembled by Cyrus H. Nathan, executive vice-president of North Advertising, Inc.

Clocks, it seems, were the first items mass-produced by American industry and the first industrial export. Included in the exhibit was the Ingersoll "dollar watch." (Remember it?) And of course there were Pennsylvania and Connecticut clocks.

Sully Portraits Shown at Bank Opening

THERE'S plenty of Jeffersonian atmosphere in the new University of Virginia office of the Peoples National Bank of Charlottesville. And the opening, marked by a month-long exhibition of portraits by Thomas Sully, early 19th century painter, carried along the traditions of the Old Dominion.

The brick building was designed to blend with its neighbors in the area Jefferson knew so well. It's within sight of the Rotunda which he designed and which houses the social center, library, and offices of the university. The bank lobby resembles a formal drawing room of the Jefferson period: tall arched windows, carved molding and mantel. In it the 10 Sullys—loaned by individuals and institutions—were viewed by several descendants of the subjects.

A brochure distributed by Peoples reminded visitors that the showing of the portraits was particularly appropriate because Sully visited the university while it was being built.

Here are Mrs. E. F. Shannon, wife of the president of the University of Virginia, and W. Wright Harrison, president of the Peoples National Bank of Charlottesville, at the opening of the bank's new university office. On the wall is Thomas Sully's portrait of Jefferson



On March 28, 1821, Jefferson wrote the proctor: "The bearer, Mr. Sully, a celebrated Portrait painter of Philadelphia calls to see the University, and as he is a judge, and will be questioned about it on his return I will request you to show it to him advantageously."

Houston Bank Keys Expansion to City's

THE National Bank of Commerce, Houston, celebrated completion of an expansion program with a series of previews and open houses.

Banking floor space has been increased 60% by additions to the remodeled original building, an enlargement which, in the words of Chairman R. P. Doherty, "considers both the present and future needs of the Houston area's surging economy."

Representatives of the national and local press inspected the new

quarters over a weekend. In addition, the writers were taken on marine and industrial tours that called attention to physical features of the city's growth. A brochure provided detailed information and statistics on Houston's industry and business.

Other events included open houses for employees, stockholders, customers, and public.

The basic architectural theme in the remodeled and new bank sections is French modern. The bank now has more than 100,000 square feet of banking area, not including the motor bank and drive-in windows.

Briefer Mention

SAFE DEPOSIT PROMOTION.

Citizens Bank & Trust Company, Park Ridge, Ill., reports customer and public interest in "Mr. Burglar" decals it distributes to safe deposit box renters. The 5 $\frac{7}{8}$ " x 3 $\frac{1}{2}$ " sticker advises the burglar not to break into the premises, but rather, if he's looking for valuables, to call at the bank's safe deposit vault.

GREETINGS. Trade Bank and Trust Company, New York, opened a midtown branch with a celebration for the public. Souvenirs were given to new customers during the first three weeks. "Hi-Neighbor!" personal invitations were distributed in the area prior to the opening.

OPENING. A free smorgasbord featured the 40th anniversary observance of the Farmers State Bank of Estelline, S.D. The bank gave car ignition switch keys to openers of new savings accounts and depositors increasing present accounts.



This is the ladies department in the National Bank of Commerce, Houston. Walls are done in hand-painted French silk taffeta. The chandelier is a copy of an 18th century piece

THE BANK OF VIRGINIA salutes VEPCO

pleting his 50th year with the bank. The building offers parking and drive-in facilities.

An important PR job at The Bank of Virginia, Richmond, is telling the staff about the bank's activities. One technique is sample reprints of publicity; they're sent to the 16 offices and used in the staff sales training guide. The sample shown here comprises news stories on the bank's annual Salute - to - Virginia-Industry citation, awarded this year to Virginia Electric Power Company.

CONTEST. A "money in circulation" contest helped open an office of Western Pennsylvania National Bank, Pittsburgh. Thousands of visitors looked at a large display featuring currency blown by a high pressure fan, and then guessed the amount.

OLYMPICS. Banca Commerciale Italiana of Milan distributed to customers of its U.S. correspondents who visited Rome an attractive set of three books on the Olympic Games. One, containing more than 100 photos and maps, gave the history of the Olympics and described the sites of the Rome contests. Another listed hotels, foreign embassies and consulates, and ticket offices. The third was a score book. There were English, French, and Italian editions.

VANGUARD. A simulation of the satellite Vanguard is making the rounds of principal cities in the interests of Savings Bond sales. The First National Bank of Memphis and the First American National Bank of Nashville were among the stops.

SBIC. The National State Bank of Newark has organized the First Small Business Investment Corporation of New Jersey. It's the state's first federally licensed company under the act of 1958.

FREE ACCOUNTS. American Bank of Commerce, Odessa, Tex., gave \$1,000 in savings accounts at the formal opening of its new 14-floor building. Eight guest registration cards were drawn, and the holders received safe deposit box keys which opened boxes containing account books: one for \$500, three for \$100, and four for \$50.

Statehood." It was a period of broad advance, centering around the expansion of Honolulu as the operational center of the economy. Maps and graphs indicate the business patterns of each leading city in the Islands. The report includes a section of business information providing detailed data and summaries of trends and changes.

50TH STATE. The Bank of Hawaii has published an economic report, "Hawaii—The First Year of

OPENING. The First National Bank of Brownwood, Tex., opened a new home with a ribbon-cutting by President John T. Yantis, who's com-



Seaman's Bank for Savings, New York, featured a window display of products and tools used in the home tooling of leather. It was sponsored by the New York Leather - Craftsmen's Guild. A sign said: "The art of leathercraft, like savings, can be most rewarding." The Guild had many inquiries from interested viewers of all ages

The American National Bank of Denver, as sponsor of the Children's Safety League, awarded a \$5 savings account to Jerome David Silver for his heroism in rescuing a small boy from drowning. Pictured are Jerome and his mother, with Vice-president Stanley O. Halberg of the bank. The lad was also honored by the Boy Scouts National Jamboree



Special Promotion Business

BANKING asked some bank advertising people for their experience with the durability of business brought in by staff sales campaigns, premium offers, and other special promotions. The replies produced a variety of opinions as well as numerous interesting new business ideas. The experts' reports have appeared in the August and October issues, and we publish two more herewith.

The series will continue.

A Successful Premium Program

Reported by **DAPHNE DAILEY**, director of public relations, **The Bank of Virginia, Richmond.**

SAVINGS promotions and premiums can earn lasting savings accounts and dollars for a bank.

A case in point is The Bank of Virginia's "Camera Campaign," a program designed as an incentive to potential customers to open and maintain a savings account with the bank's offices in five of the six Virginia cities it serves.

The campaign was not conducted simultaneously in all five participating cities, but extended over approximately a 10-month period. Beginning in Petersburg, it ran in Roanoke and Newport News, the three Norfolk offices, and finally in Portsmouth. In each city, advertising in local newspapers and over radio and television stations supported the in-bank selling and promotion for the duration of the campaign.

The ground rules were simple. A popular camera was offered to all new customers opening savings accounts with an initial deposit of \$50 or more. In addition, a camera was also awarded to each present customer for introducing a new savings account customer with an initial deposit of \$50 or more.

At the end of the campaign period, the seven offices had chalked up a total of 2,261 accounts with total initial deposits amounting to \$731,256 for an average initial deposit of \$323.

A progress report, an essential part of evaluating any program of this nature, was submitted by each participating office at the end of the 6-month period following the close of the camera campaign in that city. These tabulations revealed that 585 of the savings accounts opened had been closed since the campaign ended, and that \$68,041 of the \$731,256 initially deposited had been subsequently withdrawn. This represented an average deposit loss of \$30 for the total account opened as contrasted with the average initial deposit of \$323.

The 6-month evaluation of the campaign indicated that the bank gained, through the camera premium program, 1,676 new savings accounts of a more or less "permanent" nature and 663,215 savings dollars which have remained on deposit long enough to earn six months' interest for the "new" savings customer.

As this was written, the end-of-year follow-up report

from the Petersburg office, for example, indicated that small deposit growth was the decided trend there. That office ended the year with slightly more dollars on deposit in the accounts, despite a loss in the number of accounts. The average deposit figure in that office reveals this, with \$322 initial deposit, \$374 at six months, and \$428 at the close of the year.

Against trends of declines in savings deposits in banks, these results would seem quite worth the effort.

Cash to Staff for New Accounts—(It Works)

Reported by **WILLIAM N. FLORY**, manager, Business Development Department, **Harris Trust and Savings Bank, Chicago.**

I AM one of those unreconstructed souls who still shies from the use of premiums, and we have not used any premium items, with the one exception of a metal coin bank in the shape of our formal lion insignia.

We have for some time paid cash premiums to our non-officer employees. To date these have been paid only for savings accounts produced by our employees and the premium per account has ranged from \$1 to a maximum of \$20. Premiums are paid on the balance of the account three full calendar months after it opens.

We are extremely proud of the quality of business we have acquired in this manner. This is due, I believe, to the quality of our staff, their intelligent sales enthusiasm about the bank, and the fact that they realize we are interested in accounts which will stay with us on a permanent basis.

In examining the savings accounts produced under this system in 1959 I find that of more than 1,000 new accounts obtained less than .33% had closed before commissions were paid on them (so they stayed with us for more than 90 days), and the record of growth in the accounts is much better than savings accounts acquired through other means.

In addition we find that these accounts have many, many more deposits than withdrawals. All of this throws me back on my long-held opinion that most banks have a powerhouse of salesmanship available to them through their own employees, if the staff understands what the bank wants them to sell and the type of customer the bank is looking for.

ADS and AIDS that sell SERVICES



Your CHRISTMAS CLUB story takes to the air!



Here, for individual distribution or mass release in your community, are Christmas Club balloons—that will wing the word all around the town: “Join Our Christmas Club Now!” Children will be delighted with these festive couriers prepared by your A.B.A. Advertising Department; and adults, too, will read and heed their message.

The balloons are round in shape; inflate to an average 8” in diameter; are shipped in a mixed lot of Christmas red and Christmas green. On one side of each balloon Santa Claus and the selling message is printed; on the opposite side the distributing bank’s signature, and slogan or special message, is imprinted.

Be prepared to get your Christmas Club campaign “off the ground” in a colorful and effective way. Send now for sample balloons, price list, and order form. Write to the Advertising Department, American Bankers Association, 12 East 36 Street, New York 16, N. Y. (Shipments are made approximately two weeks after receipt of order.)

Two different sets of 4 attention-getting newspaper ad mats featuring 1961 Christmas Club are also available. Descriptive sheet illustrating both sets, together with price information and order forms, will be sent promptly upon request.

AN IMPORTANT MESSAGE
FOR *ThriftiCheck*[®]
CLIENT BANKS

FOR THE RECORD, the word "ThriftiCheck" is a registered trade name.*

The exclusive rights to ThriftiCheck Service which client banks have in their areas protect them from others using the "ThriftiCheck" name—or names that look like it such as Thrifty Check, ThrifteeCheck, and so on.

In addition to this protection, the reputation of the name "ThriftiCheck" has grown steadily. It has become a very valuable asset in its own right to client banks.

During the past 21 years, hundreds of thousands of dollars have been spent in promoting the ThriftiCheck name, not only by client banks in local newspaper, radio, television and other advertising, but by ourselves through bank publications and in the *Saturday Evening Post*.

"ThriftiCheck" is a name that defines, as no other one name can, an economical, efficient personal checking account service. It is now the most popular, well-recognized, well-patronized service of its kind in the country. Millions of men and women from coast-to-coast, and in Alaska and Hawaii, have ThriftiCheck accounts.

When a bank has exclusive rights to "ThriftiCheck" throughout the area it serves, it can lay claim to an asset of considerable value, and one that appreciates with time.

*Trademark U.S. Patent Office #392712

THRIFTICHECK SERVICE CORPORATION
100 Park Avenue • New York 17, N.Y.

U.S. Sends Aid Abroad for Self-Help Housing Programs

THE housing division of the International Cooperation Administration in Washington is actively promoting "self-help housing programs" in less developed countries with money and technical assistance. Such programs are under way in Korea, Chile, Guatemala, Costa Rica, Nicaragua, Surinam, and Trinidad. As part of ICA's technical cooperation program, savings and loan associations have been created or are about to start in Chile, Peru, Guatemala, and Ethiopia and new, aided self-help housing programs have been readied in the two Rhodesias and Tunisia.

Many Organizations Cooperate

In this program ICA has had the cooperation of many official and private organizations, including the National Association of Home Builders and the National League of Insured Savings Associations. A number of American savings and loan association officers have gone abroad to help ICA get s&l's started. Thus, James E. Bent, president of the Hartford Federal Savings and Loan Association, visited Guatemala and recommended a \$3,000,000 loan to the Banco de Guatemala for re-lending to savings institutions as a spur to home financing and building. Raymond P. Harold, president of the Worcester Federal Savings and Loan Association, after a trip to Lima, recommended the use of U.S. "seed" capital in a "frontal attack" on Latin American housing problems. Other s&l men have visited Ethiopia, Chile, and additional countries for ICA.

The ICA is convinced that, with population exploding all over the world, insufficient housing constitutes one of the greatest challenges of our time. It realizes that all of the economic aid the U.S. could conceivably supply in this area would not make any substantial impact on the problem. Therefore, it seeks to promote in each country local saving and local efficiency in housing construc-

tion. In setting up s&l's abroad, ICA requires that the dollars lent be matched by local funds. The U.S. loan is repayable in dollars. A maintenance-of-value clause protects the U.S. against losses from devaluation of currencies. The matching requirement is to force the aided country to save.

American encouragement of the s&l idea abroad has been going on for several years. This year the Mutual Security Act was amended to authorize the Development Loan Fund to lend for the purpose of stimulating housing abroad. It is DLF capital which is now used in the ICA program. Previously other funds were used for the purpose. In Ethiopia, for example, the Conquering Lion of Judah Building and Loan Association was so financed. An American s&l man is now in Addis Abbaba helping that association under a 2-year contract with ICA. Present ICA s&l negotiations include Libya, Ecuador, Argentina, and Colombia.

Also under negotiation is a loan to the Caja de Ahorros, Panama's national savings bank, for housing purposes exclusively. Heretofore the Caja has made only short-term commercial and industrial loans and 3-year mortgage loans on commercial property.

Mainly in Latin America

Geographically, the main emphasis today is on Latin America. In July President Eisenhower announced a new policy for that area, with concentration on land reform and housing. Later he got from the Congress the promise of \$500,000,000, which experienced observers view as only a starter. ICA sees a vast need in Latin America for both housing and savings. S&l's are a new concept south of the border, where the people with any cash to spare are inclined to "invest" in lottery tickets or speculate in land. Yet in Puerto Rico, a Latin land, the First Federal Savings and Loan Association of San-

tuco, founded in 1949, has been an outstanding success and now has some \$65,000,000 of assets.

The need for savings for home construction in Latin America and elsewhere is real and vast. Everywhere in the underdeveloped countries housing shortages are acute. The shortages are growing. Most Asian families are squatters. Everywhere people are moving to urban centers. Of the western hemisphere's seven cities with populations of 2,000,000 or more, four are south of the border. Due to in-migration and natural growth, land and housing costs keep soaring in the big cities. Investment capital is drawn into vacant land. Outside San José, Costa Rica, such land costs more per square foot than in Bethesda, Md., ICA states.

Therefore, in its efforts to build up the underdeveloped countries of the free world, particularly in Latin America, ICA has adopted the savings and loan approach as offering the best means of capital formation and mortgage finance in one operation.

HERBERT BRATTER

U.S. Hospital Ship Goes to Southeast Asia

A FLOATING medical training center has been sent to southeast Asia by Project Hope, a privately sponsored program to share this country's medical knowledge and skills with newly developed countries. It is headed by Dr. William B. Walsh of Washington, D. C., internist and heart specialist, and is a major activity of The People-to-People Health Foundation, an outgrowth of President Eisenhower's People-to-People suggestion, in which bankers were interested.

The *S.S. Hope*, a 15,000-ton Navy hospital ship loaned by the Government, will visit only countries which have extended invitations. After a six-month stop in Indonesia, it will go on to Viet Nam. Other invitations have been received from Korea, Okinawa and Pakistan.

The \$3,500,000 required for one year's operation comes solely from private contributions sent to Project Hope, P.O. Box 9808, Washington 15, D. C.

One girl handles 60,000 card file

PART TIME!



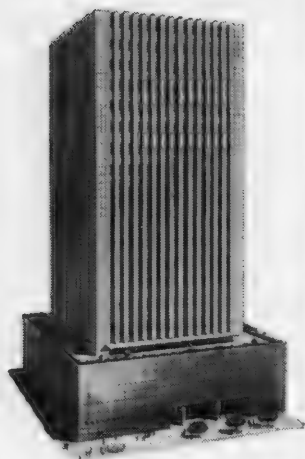
Remington Rand Kard-Veyer® cuts fact finding time by $\frac{2}{3}$ at Chemung Canal Trust

"It used to take three girls to handle the file activity in our Instalment Loan Department" states Jackson Nelms, Vice-President, "but now, thanks to a Kard-Veyer Filing Unit, the job is done perfectly by just one girl working at it *part time!* The one operator easily handles 60,000 cards and has time to assist with instalment loan work. Kard-Veyer was selected by Chemung Canal Trust after an exhaustive study of all available equipment for speed and ease of operation . . . we have found it excellent in every respect."

Remington Rand can help you select the right Kard-Veyer Unit for your particular banking operation—CUSTOMER INFORMATION FILES • CHECK FILING • SIGNATURE FILES • TRUST INDEXES • MASTER ACCOUNT NUMBERING INDEXES • LOAN INDEXES

For an illustrated brochure describing all Kard-Veyer models write Room 2150, 122 E. 42 St., N. Y. 17—specify LBV811

Remington Rand Systems
DIVISION OF SPERRY RAND CORPORATION



*Head Office Building,
in the heart of the
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CALIFORNIA BANK NOW "AT HOME" IN NEW HEADQUARTERS



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LOS ANGELES 24 offices	GLENDALE	PICO RIVERA
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BELLFLOWER	LOMITA	SAN GABRIEL
BEVERLY HILLS	LONG BEACH	SAN PEDRO
BREA	MONROVIA	SANTA ANA 3 offices
CANOGA PARK	NEWPORT BEACH	SANTA MONICA
CORONA DEL MAR	NORTH HOLLYWOOD	TORRANCE
COVINA	NORTHridge	VAN NUYS
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EL SEGUNDO	ONTARIO	WEST COVINA
FULLERTON	PALMDALE	WHITTIER
GARDENA	PASADENA 2 offices	WILMINGTON

CALIFORNIA BANK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

600 SOUTH SPRING STREET, LOS ANGELES 54, MAAdison 4-0111

THE WORLD: "The tumult and the shouting dies, the captains and the kings depart," and the voting tally is United States 7, Soviet Russia 0. Some 960 delegates from 96 nations witnessed the U.S.-led defeat of seven Soviet proposals during the stormy UN session prior to the mid-October departure of the biggest gathering of heads of state and government ever witnessed. Here, American Ambassador James Wadsworth leads 53% of the United Nations members in defeating this year's Soviet proposal for the admission of Communist China



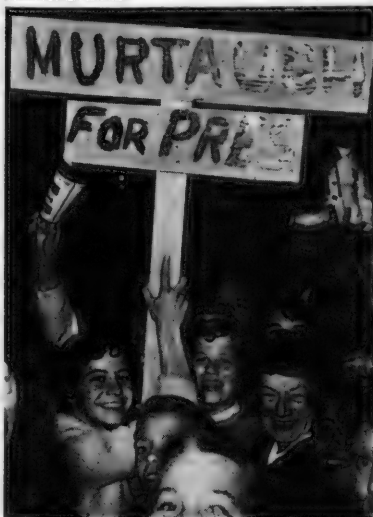
UNITED PRESS INTERNATIONAL

THE MONTH

AND OTHER IMPORTANT MATTERS: When the Pirates brought home the National League pennant, enthusiastic Pittsburgh touted manager Danny Murtaugh for the nation's top post.

Its happy confidence was rewarded when Danny's Pirates went on to wrest the World Series championship from the hard-playing New York Yankees. What nomination now for Danny?

ASSOCIATED PRESS



THE NATION: John F. Kennedy *left*, and Richard M. Nixon *right*, faced the nation and a barrage of questions asked by klieg-lighted newsmen in the first national television debate series between presidential candidates. The nation heard the candidates' positions on civil rights, Cuba, The Congo, the farm problem, expanding our economy, depressed areas, defense, Mr. Kennedy's religion, and, of course, Matsu and Quemoy

ASSOCIATED PRESS



The Country Banker



Archie K. Davis, chairman, Wachovia Bank and Trust Company, Winston-Salem, N. C., and chairman, A.B.A. Credit Unions Committee, was guest speaker at the Agricultural Breakfast of the Agricultural Committee of the A.B.A. during the Association's annual convention in New York. *Left to right*, J. Carlisle Rogers, president, First National Bank, Leesburg, Fla.; John W. Remington, president, Lincoln Rochester Trust Company, Rochester, N. Y., and immediate past president, A.B.A.; Mr. Davis; John H. Crocker, chairman, Citizens National Bank, Decatur, Ill., and committee chairman; Dr. Van B. Hart, former professor of farm management, New York State College of Agriculture, Cornell University, Ithaca; and I. F. Betts, president, The American National Bank, Beaumont, Tex., and treasurer, A.B.A. Excerpts from Mr. Davis's speech and wording of award made by the committee to Dr. Hart may be found on page 84, October BANKING

News for Country Bankers

Denver Agricultural Credit Conference a Most Important Event, Says John H. Crocker

THE National Agricultural Credit Conference of the American Bankers Association, to be held at the Denver Hilton Hotel in Denver November 14 and 15, will be the most important management conference devoted exclusively to agricultural credit to be held this year, according to John H. Crocker, chairman of the Agricultural Committee of the Association. Mr. Crocker, who is president of the Citizens National Bank, Decatur, Ill., announced the completed program for the 2-day meeting and for a tour sponsored by banks of Weld County to cover a rich farming and livestock area, which will be open expense free to registered bankers on November 16.

"The topic," Mr. Crocker said, "Agricultural Lending in the Six-

ties,' is a timely one and the discussions from topflight men from banking, industry, colleges, and Government will help banking meet the increasing needs of a rapidly changing agriculture."

During the two days of the formal meeting, bull sessions and panel discussions will be emphasized to provide bankers with a chance to participate in discussions with leaders in various phases of agricultural banking services, and to compare their operations with those of other banks.

The tour of Weld County, planned for November 16, will leave the Den-

ver Hilton Hotel at 8 A.M. with a return planned for 4 P.M. On the tour, bankers will have an opportunity to see at first hand how farm people have, by tying agriculture to sound farming practices, developed a rich agricultural area. In addition to livestock, the county produces sugar beets, corn, beans, wheat, alfalfa, and truck-garden crops. On the tour, the bankers will visit a large potato processing and storage facility and one of the largest cattle-feeding operations in the United States.

The program for the conference was announced in September BANKING, page 104. Since that time confirmation has been received that Dr. Nicholas Nyaradi, director of the Institute of International Studies, Bradley University, Peoria, Ill., will speak on "Free Enterprise or Disaster" at the dinner session on November 14. Also, C. W. Means, vice-president, Stock Yards National

This department is edited by
MARY B. LEACH of BANKING's staff.

Bank, Omaha, and Gerald S. Toll, vice-president, Security First National Bank, Denver, have been added to the list of discussion leaders for the "bull sessions" on "Meeting Agriculture's Credit Needs."

1961 Conference in Dallas

AGRICULTURAL leaders of Texas were guests of the Agricultural Committee of the American Bankers Association at a luncheon meeting in Dallas recently to help in planning for the 1961 National Agricultural Credit Conference of the A.B.A. to be held in Dallas next fall. The Agricultural Committee of the American Bankers Association was formerly known as the Agricultural Commission. John H. Crocker, president of the Citizens National Bank, Decatur, Ill., is its chairman.

Caravan Draws "Big Hand"

TO illustrate the publicity value of the "Farm Opportunities and Marketing Caravan" of the Wachovia Bank and Trust Company, in cooperation with the North Carolina State College and the North Carolina Department of Agriculture, Wachovia has published an 8-page newspaper in which it reprints many of the articles and pictures inspired by the caravan.

One hundred and twenty-five bankers and farm leaders visited Canada, Michigan, Maine, and New York earlier this year.

Increasing Agricultural Credit Needs Met by Banks

BANKS in all parts of the country are standing behind farm families as their need for credit continues to advance, a study just completed by the Agricultural Committee of the American Bankers Association shows. Results of the study, in which more than 1,000 banks participated, were released by John H. Crocker, chairman of the committee and president, Citizens National Bank, Decatur, Ill.

The A.B.A. study, which sought the opinion of bankers as to factors creating new demands for credit and financial conditions of farmers in their trade areas, shows that the con-

CURRENT AGRICULTURAL SITUATION

Prices received by farmers in September at 237 (1910-14=100) rose 1% from August. Higher prices of dairy products, fruit and eggs more than offset lower prices for meat animals, potatoes, and commercial broilers.

Cash receipts from farm marketings averaged 4% above a year ago in July and August. In January-August 1960, they totaled \$19.5-billion, slightly above the comparable period of 1959.

Cattle and sheep marketings will be higher and prices lower this fall than last. The decline in hog production is slowing down and will probably end in 1961. Producers in 10 Corn Belt States reported in September they plan to farrow 4% more sows in December-February than last winter.

Egg prices in September were above a year ago; production was slightly below last year and is expected to continue lower well into 1961.

Wheat supplies for 1960-61 exceed last season's record by a quarter billion bushels. The crop of 1,368,000,000 bushels is 240,000,000 more than last year's and the carryover of 1,313,000,000 is up 18,000,000. About 610,000,000 bushels are likely to be used in the U. S. If exports reach 525,000,000, slightly more than last year's total, the carryover next July 1 will be about 1,550,000,000 bushels. This would be 88,000,000 bushels more than the largest crop ever produced in this country.

Domestic use of feed grains has jumped nearly 30% the last five years. Exports have increased sharply. But disappearance still has not caught up with production. Prospects are for another increase in stocks by October 1, 1961.

Supplies of most fruits for early fall fresh markets are lighter than last year and prices probably will be higher. Output of apples, pears and grapes is down from 1959; the peach crop is up slightly and the cranberry crop a record.

Prepared by the U. S. Department of Agriculture

tinued pressure on farmers' profits is of particular concern to farm operators in the Corn Belt, Mountain States, and Northern Plains. Bankers expressed less concern of the cost-price squeeze in the northeastern states where credit is being widely used for converting bulk milk handling of fluid milk and the installation of many labor-saving devices to cut down "chore work." In the Lake States, adverse crop conditions in 1959 were reported as a major factor in advancing the need for additional bank funds.

In their reports, bankers in all parts of the country stressed their willingness to increase their farm and ranch loan portfolios. However, a substantial number indicated that they were screening applications carefully. Among the reasons for this selective credit policy is the fact that bankers generally are making closer examinations of the financial trend and earning capacity of the farm and its operator, rather than relying on the underlying liquidating value of the security offered for loans.

In recent years, banks' policies have changed to meet the need for more intermediate-term credit in

farm operations. According to the survey about 25% of all non-real-estate farm loans were written for terms in excess of one year. The writing of short-term paper with the understanding that renewals will extend the repayment schedule for periods greater than one year is common. The volume of such loans increased by 25% during the past 12 months.

New-loan volume for both production and real estate lending increased in all areas of the country except in the Pacific States where farm mortgage loan volume had shown a decrease during the past year. The percentage increase in farm real estate loan volume held relatively consistent for all other sections of the country. Greater variability among agricultural areas in the volume of non-real-estate loans reflects short- and intermediate-term adjustments in farm credit needs.

There was very little change in the rate of farm loan delinquencies—which have been in a very favorable, low position—for the year. Some concern in farmers' ability to meet loan payment requirements existed in the Corn Belt, where bankers re-

(CONTINUED ON PAGE 126)

Farm-City Week Opportunities

ROBERT D. McMILLEN

MR. McMILLEN is chairman of the *Corn Industries Research Foundation, Inc., Washington, D. C., and is chairman of the National Farm-City Committee, Inc., Chicago, Ill.*

OTHER than the religious and national holidays, few occasions bring about concerted activities in as many as 9,000 communities. One that causes such action is Farm-City Week. In 1959, more than 9,000 communities in the United States and Canada observed Farm-City Week. These observances have been so successful that this year their number is expected to grow even larger.

In 1960, Farm-City Week occurs November 18-24, ending on Thanksgiving Day. Its stated purpose is "to bring about better understanding between rural and urban peoples; to increase the knowledge and appreciation of each for the way of life in the United States and Canada; and to recognize that Thanksgiving Day symbolizes this country's awareness of, and gratefulness for, the bounty of nature and the strength of her man-made institutions."

Friend-maker

Now in its sixth year, Farm-City Week has proved its worth as a friend-maker. Basically, it is a week-long series of events aimed at bringing about better understanding between the urban and rural segments of society. The events are mostly local in character. The National Farm-City Committee provides suggestions and kits upon request and spark-plugs some regional and national activities. While it has some broad, general policies to recommend, the National Farm-City Committee tells no one what to do or what not to do. Its major function is that of a catalyst.

The committee itself is made up of representatives of some 150 businesses, industries, farm, professional, trade, church, youth and service

groups, educational institutions, governmental agencies, publishers and broadcasters—from the Advertising Council to Zonta International. A member of the board of directors of the National Farm-City Committee, Inc., is Edgar T. Savidge, deputy manager of the American Bankers Association.

The coordinating agency and headquarters of the committee, serving wholly on a voluntary basis, is Kiwanis International. Most other community service clubs and organizations also serve on the committee.

Bankers Have a Special Opportunity

Bankers, serving all segments of the economy, have a special opportunity to make friends through community activities. As a banker, note these words from President Eisenhower's proclamation of National Farm-City Week, 1960: "... it is important that there be continued mutual understanding among those who produce this bountiful supply of farm products, those who process and distribute them, and those who consume them"; and, "I also request urban groups to join in this observance, along with farm groups, as evidence of America's appreciation of all those on the farms and in the cities who provide us with our daily bread and other necessities of life."

Perhaps some of you would like to set up a window display with a farm-city theme. Maybe you could organize tours to farms or factories. If you sponsor a radio or television show, you could bring in the farm-city idea.

You might like to award a prize to an outstanding farmer or farm youngster for proficiency or for community service. Some communities are organizing Farm-City Youth Cabinets, made up of delegates from teenage organizations in town and in the country, so that these young people can get to understand each

other's activities better. You, of course, are your own best judge of what would fit the needs of your bank's customers.

Farm-City Week offers endless opportunities for the farmer and the urbanite to get to know and understand each other better.

How Genesee County, New York, Celebrated Farm-City Week

Here is what happens when a community becomes enthusiastic about Farm-City Week. Last year the whole of Genesee County, New York, took part. On Sunday all the pastors in the county gave sermons on town and country relationships. On Monday evening 60 units of bands, floats, and clowns paraded down Main Street in Batavia, the county seat. On Tuesday the Rotary Club held a farm luncheon, followed by industrial plant tours. On Wednesday the Merchants Council and the Extension Service joined together to tour several farms. The farm and town people went by bus, so everyone could visit and become better acquainted. On Thursday the Kiwanis Club held a farm lunch, followed by a plant tour, and that night the Farm Bureau gave a banquet for city folks. On Friday visitors could park free all day and then there were double-header night football games, followed by a teenage "record hop." Saturday Kiwanis gave a free children's show at a motion picture theater; the Air Force put on an air show over Batavia; city families visited farm families; the Jaycees held a field day and chicken barbecue; and in the evening there was huge closing ceremony.

All week many factories held continuous open house, as did the YMCA. Stores had "goodwill" days. Schools and libraries had special displays. Similar stories, though more frequently from single communities, rather than entire counties, were reported from all over the country.



Mr. Wright (left) and Mr. McDowell look over the blueprints for Wright Farm Service's new home, which will have twice the space of the present building. Inset shows ground broken for the foundation.

"WE'VE SEEN OUR PURINA DEALER GROW ... WE BELIEVE IN HIS FUTURE"

**— says Everett B. McDowell, Cashier,
The First National Bank, Georgetown, Kentucky**

"With four bare walls and not a single customer, Orem Wright opened his Purina Dealership here four years ago," says Mr. McDowell. "We've watched Wright Farm Service grow until it needs more space for expanded services.

"We believe in the dealership's future and we're ready to back Mr. Wright in the installation of Check-R-Mixing and equipment for bulk handling of feed. His business provides services that our local farming community needs.

"Our bank finances Wright Farm Service customers, both direct and

through the dealership. We have had no losses on such business.

"We consider our Purina Dealer one of our best customers."

* * * *

The First National Bank, which has served the Georgetown area for 76 years, derives more than half its business from agriculture. In recent years, the raising of cattle, hogs and sheep has grown in importance to replace income from tobacco, which is subject to acreage limitations. The Purina Dealer's service has contributed to this expansion.



PURINA... YOUR PARTNER IN SERVING ANIMAL AGRICULTURE



Automation Without Electronics



This moderate-sized bank found a practical way to reap the benefits of automatic data processing, and proved that automation need not be limited to the big banks.

WILLIAM E. KUIPERS

The author is president of the Fair Lawn-Radburn Trust Company, Fair Lawn, N. J.

THEY said it couldn't be done—and make it pay. Fellow bankers maintained that automatic data processing equipment was feasible only in big operations, not in a moderate-sized community bank like ours with assets of slightly less than \$20,000,000. But we've proved the skeptics wrong.

► It now takes us 20 man-hours a day to process our 6,500 special checking accounts. Under the manual system it took about 40 man-hours.

► We are now able to turn out 78,000 statements a year, or four times the number under the manual system.

► The customers' statements are run in 31 man-hours. That's half as long as it took in the past.

► By providing monthly instead of quarterly statements, our special checking account depositors have tighter control with fewer overdrafts and less complaint of error.

► The constant risk of misposting has been virtually eliminated under our new system.

► Similar savings and benefits have been attained in connection with other bank functions including the general ledger, plant and equipment, consumer credit, club accounts, money orders, and safe deposit billing. We expect to add mortgage loans and

savings accounts in the near future, thus automating 90% of the bank's entire operation.

All these advantages were gained through punched card processing. To see how it works let's look at the way we process our special checking accounts where punched card checks have been made a part of the system.

When an initial deposit is made, a key punch operator cuts a balance card, name and address card, and an index card. An order goes to the printer who sends directly to the customer 96 card checks and 25 deposit cards. These have the name and account number printed on them and the account number pre-punched.

From Original Record . . .

Checks or deposits are sent to the transit department when they are received. There they are batched in groups of 150 and run through a proof machine, which turns out an adding machine tape on the totals.

Next they are sent through a conditioner which irons out wrinkles and rejects mutilated forms. The rejects—about 1% of the total—are replaced by a red punched card.

Then a key punch operator cuts the face amount and the batch number on each check and deposit card. They are then run through a reproducer which duplicates the information from the 66-column checks and deposit cards onto 80-column work cards. These work cards, on which the information is printed as well as punched, are used in the actual processing.

They go through an accounting machine which prints a journal sheet including the account number, date, type, and amount of each transaction. The sheet is proved by comparing the figures with those on the tape run off earlier on the proof machine.

. . . to Balance Cards . . .

After that a sorter groups all the work cards in alpha-numerical sequence. They are then matched against the balance cards from our file by means of a collator. We run this merged deck—balance cards and work cards—through an accounting machine to update the balance cards. At the same time, 10 cents is automatically deducted for each check paid.

The new balance cards are proved by checking the total accumulated on the accounting machine against the total obtained on the daily trial balance.

The next step is to run the new balance cards through a sorter which picks out the overdrawn accounts. From these an overdraft register is printed. The original checks are sorted into sequence and those for overdrawn accounts are pulled, put with the overdraft list, and brought to a bank officer for whatever action is appropriate.

The new balance cards are then collated with those that were inactive during the day and returned to the file. Also filed are the original checks and deposit cards.

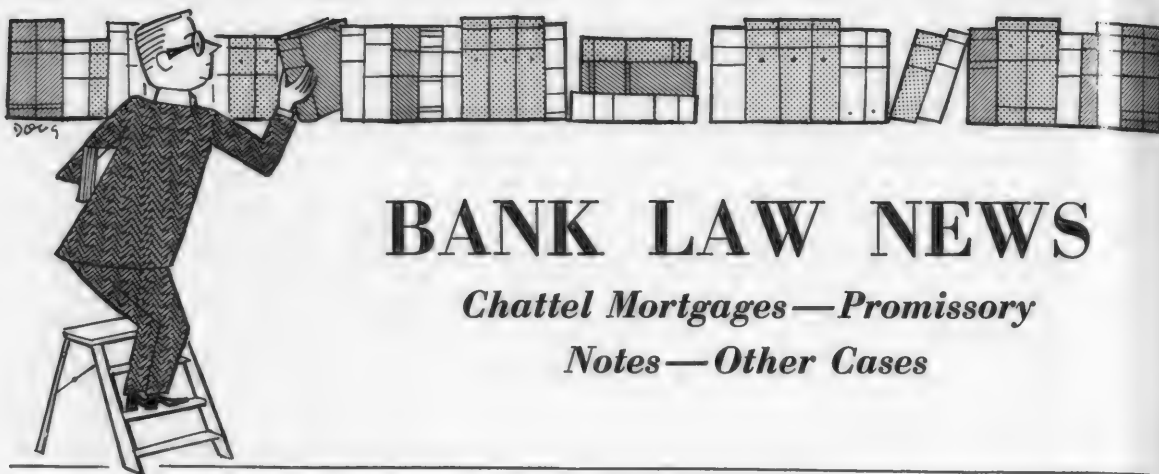
(CONTINUED ON PAGE 118)

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BANK LAW NEWS

Chattel Mortgages—Promissory

Notes—Other Cases

CHATTEL MORTGAGES

In the State of Washington, banks making automobile loans must comply with motor vehicle registration and chattel mortgage filing acts to perfect mortgage liens.

According to the Supreme Court of Washington, banks making automobile loans and complying only with the state's motor vehicle title registration act may be headed for a rude awakening if they have failed to file motor vehicle chattel mortgages.

The court made it very clear in a recent decision that the registration act does not supersede the mortgage filing act and does not eliminate the necessity of filing the mortgage.

The same court had previously held, in *Merchants Rating & Adjusting Co. v. Skaug* (1940) 102 Pac. (2d) 227, that compliance with the mortgage filing act and noncompliance with the registration act did not preserve the priority of a mortgage lien as against the mortgagor's creditors.

In this case, the bank had made a loan, secured by a chattel mortgage on two automobiles. The certificates of ownership to the two cars, issued by the state department of licenses, had been endorsed to show the bank as the legal owner, in compliance with Washington Rev. Code, §46.12-170. The bank, however, did not file the chattel mortgage as required by §61.04.020.

The latter section provides that a mortgage on personal property is void as against all creditors of the mortgagor unless it is filed within 10 days after it is executed.

After default by the borrower, the bank began an action to foreclose the mortgage. Subsequent to the commencement of the action, but before the proceedings were concluded, the borrower was adjudicated bankrupt. The trustee in

bankruptcy intervened in the foreclosure proceedings, contending that because the bank had failed to file the mortgage, it was void as against the claims of the borrower's general creditors.

(CONTINUED ON PAGE 98)

THERE has been an important tendency for newly enacted state laws to authorize limited types of branches referred to as *tellers' windows, facilities, parking lot offices*, and other equivalent titles. These have been designed to permit banks in states whose laws do not authorize regular branches to establish facilities which will make it easier for their customers to reach them. It is a healthy development and is proving very helpful.—RAY M. GIDNEY, *Comptroller of the Currency*, at the 69th Annual Convention of the Illinois Bankers Association, May 24, 1960.

Summary of Branch Banking Laws

Jurisdictions permitting state-wide branch banking — 20

Alaska ¹	Dist. of Col.	Maryland	South Carolina
Arizona	Hawaii	Nevada	South Dakota
California	Idaho	North Carolina	Utah
Connecticut	Louisiana	Oregon	Vermont
Delaware	Maine	Rhode Island	Washington

States permitting branch banking within limited areas — 15

Alabama	Michigan	New Mexico	Pennsylvania
Indiana	Mississippi	New York	Tennessee
Kentucky	Montana	North Dakota	Virginia
Massachusetts	New Jersey	Ohio	

States prohibiting branch banking but permitting "offices", "agencies", or "stations" — 9

Arkansas	Iowa	Missouri	Oklahoma
Georgia ²	Kansas	Nebraska	Texas
	Wisconsin		

States prohibiting branch banking — 5

Colorado	Florida	Illinois	Minnesota
	West Virginia		

States with no legislation regarding branch banking — 2

New Hampshire ³	Wyoming
----------------------------	---------

¹ Banking Code section limiting branch banking by any "bank" was repealed in 1959. Mutual savings banks are specifically permitted to establish branches "within this state."

² Statute prohibits future branches but permits "bank offices," with "complete banking service," and "bank facilities," with "limited banking service," in same municipality.

³ Special emergency legislation enacted in 1959 permits one bank in Concord to establish one branch in a specified area.



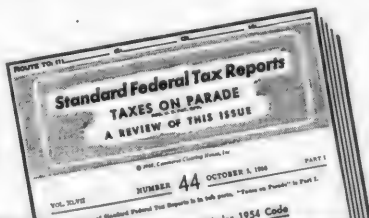
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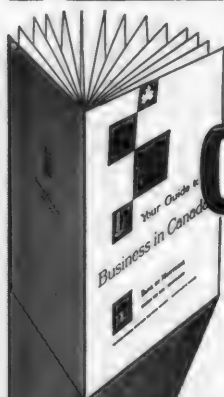
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regulations are outlined in "Your Guide to Business in Canada," just published as a service to American executives by Canada's First Bank. Many other essential subjects, including Canadian taxes and company formation, are discussed.

This booklet is one of a number of B of M publications which may help you render broader service to your Canadian-minded customers. For a free copy write on your bank letterhead to our nearest U.S. office or to the Business Development Department, Head Office, Montreal.



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(CONTINUED FROM PAGE 96)

The trustee was right, said the court. The mortgage filing act was not intended to be superseded by the vehicle registration act. The registration act merely supplements the notice provisions of the filing act.

The dissenting judge made this comment: "Practically all existing motor vehicle mortgages will be invalidated by the majority opinion because of the uniform practice of complying only with the title registration act." *Olympia State Bank & Trust Co. v. Craft* (Wash.) 354 Pac. (2d) 386.

PROMISSORY NOTES

Corporate notes signed by corporate officer without indicating representative capacity held ambiguous instruments; oral evidence to determine liability of officer admissible.

In the April 1960 issue of *BANKING*, we reported a case decided by the New Jersey Superior Court which held that a corporate officer, signing corporate notes without indicating his representative capacity, was personally liable.

The notes read "We promise to pay" and were executed as follows:

TEAL CORPORATION

J. Harold Semar

Christopher A. Beling

The plaintiff, alleging that he was a holder in due course, had brought action only against Beling. The Superior Court had ruled that no ambiguity existed on the face of the notes and oral evidence was not admissible by Beling to show that he had signed only as treasurer with no intention to bind himself personally.

The Superior Court had stressed that Beling was the second signer and that although there might exist an ambiguity as to the capacity in which the first officer signed, the court was of the opinion that there existed no ambiguity concerning the second signer.

An appeal was taken and the New Jersey Supreme Court reversed the decision. The Supreme Court stated that it makes no difference whether a corporate note is signed by one or two corporate officers without indicating their representative capacities. If there exists an ambiguity or

reasonable uncertainty as to whether the first signature was placed on the notes in a representative capacity, then the same ambiguity or uncertainty exists as to the second signature.

The court ruled, therefore, that oral evidence by Beling was admissible to explain the capacity in which he signed. The court also stated that this evidence was admissible despite the fact that the plaintiff was an endorsee of the payee and was without knowledge of the circumstances under which the notes were delivered. *Norman v. Beling* (N.J.) 163 Atl. (2d) 129.

BRIEF NOTES ON OTHER CASES

Payment of interest. In a case of first impression before Maryland Court of Appeals, court ruled that where real estate mortgage called for payment of debt with interest thereon until "whole of said principal sum and interest shall be paid," interest was not stopped on date of foreclosure sale but continued until auditor's report of sale was ratified. *Ex Parte Aurora F.S. & L. Ass'n* (Md) 162 Atl. (2d) 739.

Deposits in trust. Where, after death of depositor who had opened deposit in trust, bank refused to pay surviving beneficiary because passbook could not be located and eight months had elapsed since depositor's death, court ordered bank to pay beneficiary. Court stated that if depositor had assigned passbook, sufficient time had elapsed for giving of notice by assignee to bank and court's order would protect bank. *Brown v. Empire City Savings Bank* (N.Y. Sup. Ct.) 203 N.Y.S. (2d) 339.

Promissory notes. Where note was payable to order of "James R. Puckett & Annie Puckett & E. H. Siler," and provided the first \$1,000 was payable to Siler, which sum represented his full interest in the note, court held that form of note did not create joint interest among all payees; that note was actually two obligations in one; and that Siler's endorsee could maintain an action for the \$1,000 without the endorsement of the other payees. *Hodson v. Scoggins* (Ga. App.) 115 S.E. (2d) 715.

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29 Theses By S.G.S.B. Class of 1960

Accepted for Harvard, Rutgers, and A.B.A. Libraries

TWENTY-NINE banker-members of the Class of 1960 at The Stonier Graduate School of Banking, have been notified that their theses written as a requirement for graduation from the School last June have been selected to be placed permanently in the libraries of the Harvard University Graduate School of Business Administration, of Rutgers—the State University, and of the American Bankers Association at its New York headquarters.

To be approved for inclusion in the libraries, a thesis must first receive a recommendation from an examining panel specializing in the field the thesis covers. The recommendation for library acceptance is made to the Library Thesis Committee, and the thesis is then critically reviewed by additional expert readers in terms of the adequacy of research, soundness of conclusion, organization and readability, and other points including grammatical form and correctness.

The Honored List

The bankers whose theses have been selected for this honor and the subjects on which they wrote are:

Leon K. Boysen, examiner, Federal Deposit Insurance Corporation, Jacksonville, Ill.

Subject: "Intermediate-Term Loans to Corn Belt Tenant Farmers."

Peter J. Brennan, assistant trust counsel, Harris Trust & Savings Bank, Chicago, Ill.

Subject: "Problems in the Relationship between the Trustee and the Investment Adviser."

Russell C. Buchanan, assistant cashier, National Newark & Essex Banking Company, Newark, N.J.

Subject: "Prescription for Effective Commercial Customer and Prospect Calling."

Fred A. Dons, assistant general auditor, Chicago Federal Reserve Bank.

Subject: "A Federal Reserve Bank's Preparedness Program for Emergency Operations."

David E. Gile, assistant vice-president, Pittsburgh National Bank, Pittsburgh, Pa.

Subject: "Banking Managements' Mission in a New Society: Two Aspects."

Leon Glackman, assistant vice-president, Bankers Trust Company, New York, N.Y.

Subject: "Financing the Fur Industry."

Warren R. Hinze, assistant cashier, First State Bank of St. Paul, Minn.

Subject: "Financing Old Main Street's Competition with Modern Shopping Center."

Robert M. Holberton, assistant treasurer, Chase Manhattan Bank, New York, N.Y.

Subject: "Application of Certain Scientific Management Practices to Commercial Banking."

Bennett R. Keenan, assistant treasurer, The New England Trust Company, Boston, Mass.

Subject: "Financing a Leasing Corporation."

William E. King, Jr., assistant treasurer, Hagerstown Trust Company, Hagerstown, Md.

Subject: "Display as Part of the Public Relations Program of a Small Bank."

Carter Lawrence Larsen, assistant vice-president, The Bank of California N. A., San Francisco, Calif.

Subject: "Trends in Metropolitan Commercial Bank Corporate Deposit Development."

William Marshall Lee, assistant treasurer, First Pennsylvania Banking & Trust Company, Philadelphia.

Subject: "Profit Analysis—A Practical Management Technique for the Smaller Bank."

Paul F. Mallon, assistant manager, Fidelity Union Trust Company, Newark, N.J.

Subject: "'College on the Cuff,' a Survey of Banking's Response to Date to the Problem of Financing the Costs of Higher Education."

Paul W. Mason, cashier, The Robstown National Bank, Robstown, Tex.

Subject: "Texas Homestead Laws—Their Purposes and Effects."

Charles E. Mills, assistant controller, East River Savings Bank, New York, N.Y.

Subject: "The Use of Work Sampling in Savings Banks."

Harry R. Mitiguy, agricultural economist, Federal Reserve Bank of Boston, Massachusetts.

Subject: "Appraising and Mortgage Lending: New England Farm Properties."

W. Jarvis Moody, assistant treasurer, Morgan Guaranty Trust Company of New York, N.Y.

Subject: "A Banker Looks at Subordinated Debt."

John F. Musgrave, assistant mortgage officer, Seamen's Bank for Savings, New York, N.Y.

Subject: "Puerto Rico as a Field for Investment in F.H.A. Home Mortgage Loans."

Verne C. Myrland, assistant trust officer, The Fulton National Bank of Lancaster, Pa.

Subject: "A Study of Fiduciaries' Compensation in the State of Pennsylvania."

James Robert Nolan, assistant secretary, Continental Illinois National Bank and Trust Company, Chicago.

(CONTINUED ON PAGE 103)

FOR BUSINESS
FACTS ABOUT

Canada....



Royal Bank manager gets first-hand knowledge of the pleasure-boating industry

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Head Office, Montreal.



Standing from left: VICTOR C. VON MEDING, FRED S. FLOYD, JOSEPH C. FENNER, ERNEST J. HULTGREN, WILLIAM T. DWYER, Assistant Vice-Presidents; Seated, GEORGE W. MILLER and CHARLES F. NEWHALL, Vice-Presidents.

Their full-time job: serving you!

Here are the two administrative officials and the five officers in charge of the territorial areas of the Banks and Bankers Division at The First National Bank of Chicago. They are part of the team of 25 men who have but one job: to serve our more than 2,000 correspondent banks.

Assigned to geographical areas, the men of Division F understand the problems and the needs of local bankers.

They work closely with the officers in our ten commercial divisions to supply our correspondent banks with first-hand financial and

industrial information and with complete correspondent services.

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MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

(CONTINUED FROM PAGE 100)

Subject: "Trusts and Conflicts: A Consideration of the Conflict of Laws as Relating to Trusts."

Frederick R. Pierre, branch manager, Bank of America N.T. & S.A., Arvin, Calif.

Subject: "A Study of the California Olive Industry."

Thomas S. Prideaux, assistant vice-president, United States National Bank, Portland, Ore.

Subject: "The Banker's Role in Public Economic Education."

William A. Rough, assistant cashier, The First National City Bank, New York, N.Y.

Subject: "Administration of a Research and Development Department in a Commercial Bank."

Wilford L. Simpson, trust officer, The National City Bank of Cleveland, Ohio.

Subject: "Acceptance of Estates, Personal Trusts, and Agency Accounts from a Cost Point of View by Application of Administrative and Operational Yardsticks."

Davis M. Somers, assistant vice-president, City Bank & Trust Company, Jackson, Mich.

Subject: "Financing of Private Aircraft By Small and Medium-Size Banks."

George C. True, loan officer, The First National Bank of Boston, Mass.

Subject: "Analyzing the Contractors' Financial Statements."

Rahe H. Von Hoene, assistant trust officer, The Denver United States National Bank, Denver, Colo.

Subject: "Effect of Inter Vivos Trusts On Marital Rights."

William B. Webber, assistant secretary, Security Trust Company of Rochester, N.Y.

Subject: "Political Activity by Banks and Bankers—Its Problems and Challenge."

Robert W. Worcester, agricultural economist, Federal Reserve Bank of Minneapolis, Helena, Montana, Branch.

Subject: "A Planned Program of Leadership Development for Larger

Chapters of the American Institute of Banking."

Availability of Theses

The theses listed above will be available for reference at the A.B.A. Library at 12 East 36 Street, New York City, which is open to the public. They will also be circulated on request to A.B.A. member institutions and graduates or students of The Stonier Graduate School of Banking and on interlibrary loan. Circulation is limited to continental United States; only one thesis may

be borrowed at a time; and it may be retained for one week after receipt, at which time it must be returned by parcel post and insured for \$100. The theses are now being printed and will be ready for distribution about January 15, 1961.

There are two kinds of conceited people—those who admit it and the rest of us.

You are not a dynamic person simply because you blow your top.

BRANCHING INTO CONGESTED AREAS? "Too Small" Lot Can Be Busy Drive-In

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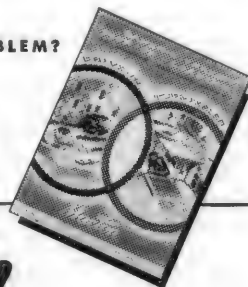


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BANKING NEWS

Bank Protection Programs Are Cutting Losses from Holdups and Embezzlements

Bank Defalcation Loss Total Down \$2.5-billion First Half of 1960

Banks during 1960 have continued to improve their insurance and protective programs with the result that losses from holdups and embezzlements have declined, according to the annual report of the Insurance and Protective Committee of the American Bankers Association made by its chairman, Thomas F. Glavey, vice-president, The Chase Manhattan Bank, New York.

A survey of 12,352 banks shows that 61% have blanket bonds within the amounts suggested by the committee as basic guides for determining proper insurance coverage. Of the banks surveyed, 29% have higher amounts and the insurance of only 10% of the banks is less than the A.B.A. suggested coverage. Supplementing their blanket bond program's, 2,000 banks have purchased \$1,000,000 excess fidelity insurance.

Defalcation Losses Are Reduced

Bank defalcations of \$10,000 or more during the first six months of the calendar year 1960 aggregated 49, or 10 more than were discovered in the similar period of 1959. However, 1960 losses totaled \$3,812,478, compared with \$6,241,725 in the first half of 1959. Five of the 49 banks reported losses exceeding the amounts of their blanket bonds but two of them were fully insured through having \$1,000,000 excess fidelity bonds. In two more recent cases, not included in these statistics, a bank in the Middle West was closed as a result of approximately \$1,500,000 in cash and bonds which were allegedly transferred out of the state without authority, and incomplete reports indicate a shortage of more than \$900,000 in a southern bank. The first bank is reported to have had blanket bond coverage of \$500,000 and the other \$150,000. Both of these banks carried \$1,000,000 excess fidelity insurance.

With regard to holdups during the

Four "Effective Leadership in Bank Management" Seminars for Smaller Banks Are Being Held by A.B.A.

Four seminars on "Effective Leadership in Bank Management" for chief executive officers of banks with \$2,000,000 to \$30,000,000 in deposits are being held during October and November under the auspices of the Bank Executive and Staff Development Committee of the American Bankers Association, according to William Powers, senior deputy manager of the A.B.A. and director of the committee.

"This is not another banking school, with a diversified curriculum," said Mr. Powers in a letter inviting senior staff officers to participate in the seminars. "It is," he said, "an advanced phase of the executive development clinics we conducted throughout the country in 1954, 1955, and 1957. We shall concentrate in only one subject area—development of upper-level manpower in the smaller banks."

There will be 50 top management men in each of the four seminars, which will be the forerunners of four other seminars in other parts of the country early next year. The October-November seminar schedule is as follows:

October 16-18 Cleveland, Ohio, Statler-Hilton Hotel

October 19-21 Chicago, Ill., Conrad Hilton Hotel

November 6-8 Philadelphia, Pa., Sheraton Hotel

November 9-11 Boston, Mass., Statler Hilton Hotel

According to Mr. Powers, the topics to be discussed at all of the seminars will include:

"The Nature of Modern Management"

"The Organizing Job"

"Management Communication"

"The Fred Bux Case"

"Human Relations and Motivation"

"Clarifying Job Requirements"

"The Dead End Bank Case"

A.B.A. fiscal year ended August 31, 1960, the committee reports there were 340 attacks, compared with 346 during the fiscal year ended in 1959. During this year 112 holdups were frustrated, compared with 78 during the year before; 228 holdups were successful compared with 268 in the 1958-59 fiscal year.

"Further evidence that bank rob-

(CONTINUED ON PAGE 107)

"How to Appraise Performance"

"The Big River Bank Case"

"Interviewing, Listening, and Counseling"

"Aids to Management Development"

"The Payroll Deduction Plan Case"

Seminars Split Into 5-Man Units

For the purpose of studying, digesting, and reaching solutions of the four case studies submitted to the 50-man seminars, each seminar will be split up into units of five men each. These 5-man groups will hold individual meetings and report back to the seminar-as-a-whole on their solutions. General debate will follow on the various solutions arrived at for each problem.

The cases were prepared especially for the seminars by Dr. George S. Odiorne, director, Bureau of Industrial Relations, and professor, School of Business Administration, The University of Michigan, Ann Arbor. They were carefully constructed to fit conditions in the smaller banks.

Dr. Odiorne will serve as one of the seminar leaders. Other leaders will include: Earl Brooks, professor, Graduate School of Business and Public Administration, Cornell University, Ithaca; John Patterson Currie, management consultant, New York City; Lee E. Danielson, associate professor, School of Business Administration, The University of Michigan, Ann Arbor; Mr. Powers; and George B. Ward, deputy manager of the American Bankers Association.

William L. Butcher, chairman, The County Trust Company, White Plains, N. Y., is chairman of the Bank Executive and Staff Development Committee.

J. M. Naughton Heads New Special A.B.A. Comm'l Bank Federal Tax Committee

Will Steer Course to Gain Uniform Tax for 3 Types of Institutions

A new committee to coordinate efforts of the American Bankers Association to achieve more equitable Federal taxation of commercial banks and mutual thrift institutions was announced by John W. Remington, Association president shortly before relinquishing the gavel to incoming President Carl A. Bimson.

Named to serve on the Committee on Uniform Tax Treatment were: Joseph M. Naughton, president, Second National Bank, Cumberland, Maryland, *chairman*;

Lloyd L. Austin, president, Security First National Bank, Los Angeles;

James M. Givens, vice-president, Indiana National Bank, Indianapolis;

Louis B. Lundborg, vice-president, Bank of America N.T. & S.A., San Francisco;

Howard J. Stoddard, president, Michigan National Bank, Lansing; and

M. Monroe Kimbrel, executive vice-president, First National Bank, Thomson, Ga., as an *ex officio* member.

Mr. Kimbrel is chairman and Mr. Naughton and Mr. Givens are members of the Association's standing Federal Legislative Committee with which the new committee will work closely.

A Coordinator of Research

Mr. Remington, who is president, Lincoln Rochester Trust Company, Rochester, N. Y., said the Committee on Uniform Tax Treatment will serve as coordinator of research, educational, and other activities of various A.B.A. units in the income tax field.

Federal laws and regulations provide differing tax treatment of the income of commercial banks on the one hand and of savings and loan associations and mutual savings banks on the other hand. As a result, commercial banks pay substantial Federal income taxes while the two types of mutual financial institutions pay relatively little Federal income tax.

The A.B.A. for several years has

Constitution Revised by Unanimous Votes; By-Laws Convert A.B.A Standing Groups into Committees

The Constitution of the American Bankers Association was revised by an unanimous vote of the delegates attending the 86th annual convention of the Association in New York September 18-21. The proposed changes, which were presented in full in the August issue of *BANKING*, starting on page 61, came up for the consideration of the convention delegates at the first general session on Tuesday, September 20.

These Constitutional amendments, which were the first major changes in 40 years, became effective as of the close of the convention on Wednesday, September 21.

Amendments to the A.B.A. by-laws, previously adopted, also became effective on September 21.

Under the new by-laws, except for the Executive Council and the Commission for the Observance of the 100th Anniversary of the National Banking System, a temporary body, the terms "council" and "commission" have been abolished and the name "committee" substituted. The permanent standing committees created by the Executive Council include the following:

A.B.A. Savings Bonds Committee
Advisory and International Committee

Advisory Committee on Federal Legislation

Advisory Committee on State Legislation

Agricultural Committee

Bank Executive and Staff Development Committee

Bank Management Committee

Banking Education Committee

Country Bank Operations Committee

Credit Policy Committee

Economic Policy Committee

Federal Deposit Insurance Committee

Federal Fiscal Procedures Committee

Federal Legislative Committee

Government Borrowing Committee

Instalment Credit Committee

Insurance and Protective Committee

Mortgage Finance Committee

Organization Committee

Public Relations Committee

Research Committee

Small Business Credit Committee

State Legislative Committee

Robert G. Howard Named Director, Mary C. Smith Registrar of Trust School

R. P. Chapman of Boston Continues as Chairman of Board of Regents

Robert G. Howard, deputy manager and secretary of the Trust Division of the American Bankers Association, has been appointed as director of the Association's National Trust School at Northwestern University. Mr. Howard's appointment by the Board of Regents of the school was announced by Robert R. Duncan, president of the Trust Division and chairman of the board, Harvard Trust Company, Cambridge, Mass.

Richard P. Chapman, president, The Merchants National Bank of

advocated legislation in the U.S. Congress based on the principle of uniform treatment of the three types of institutions.

Boston, will continue as chairman of the school's Board of Regents.

Mr. Howard was registrar for the first school session last August. The director was Joseph H. Wolfe, vice-president and trust officer of The Merchants National Bank of Boston and former Trust Division secretary.

Mary C. Smith, assistant secretary of the Trust Division, has been appointed registrar of the school. She was assistant registrar for the 1960 session.

Courses on Intermediate Level

The National Trust School offers trust courses on a level intermediate between those of the American Institute of Banking and The Stonier Graduate School of Banking. Two hundred and seventeen bankers from 44 states attended the initial session, August 8 to 26.

Information pertinent to the 1961 session is available from the Trust Division, A.B.A., 12 East 36th Street, New York 16, N. Y.

"Future Unlimited," High School Recruitment Book, Goes into Second Printing

The demand for *Future Unlimited—Career Opportunities in Banking for High School Graduates*—a 22-page booklet published by the American Bankers Association earlier this year—has been such from individuals, banks, and vocational counselors that the publication is now going into its second printing.

This work was designed to inform high school students, their teachers, and guidance counselors of the unlimited job opportunities open in banking to qualified people. It is generously illustrated and tells, in terms of the high school graduate, the story of "What a Banking Career Offers You"; "The Environment"; "What You Will Earn"; "Education Opportunities"; "Wide Range of Jobs"; "Where You Would Start"; "Your Chances of Advancement"; "Opportunities for Girls"; "College Before Career?"; "Typical Bank Positions"; "How to Apply for a Position"; and "Importance of Banks in Today's World."

This book may be ordered by banks in quantity lots, as follows: 1 to 49 copies, 65 cents each; 50 to 99 copies, 50 cents each; 100 or more copies, 40 cents each—plus shipping charges.

Inquiries should be addressed to the Director of Printing, American Bankers Association, 12 E. 36th Street, New York 16, N. Y.

A.I.B. National Debaters to Argue Compulsory Health Insurance Merits in '60-'61

"Resolved, That the United States should adopt a program of compulsory health insurance for all citizens" will be the subject for the 1961 national debate program of the American Institute of Banking. The A.I.B. is the educational section of the American Bankers Association. The subject was announced by Harry M. Schoenly, The Riggs National Bank, Washington, D. C., who is chairman of the Institute's National Debate Committee.

The A.I.B.'s annual debate program gets under way within a few

Investments, Estate Planning-Development, Industry Outlook on Mid-Continent Trust Conference Program

The 29th Mid-Continent Trust Conference of the American Bankers Association will be held at the Drake Hotel in Chicago, Ill., on November 17 and 18, according to announcement by Robert R. Duncan, chairman, Harvard Trust Company, Cambridge, Mass., and president of the Association's Trust Division.

Speakers at the conference, in addition to Mr. Duncan, will include Carl A. Bimson, president, Valley National Bank, Phoenix, and president of the A.B.A.

The program for the conference follows:

First Session

Tuesday, November 17, 10 A.M.

Presiding, Robert G. Howard, deputy manager, A.B.A., and secretary of the Trust Division. Opening remarks by R. Emmett Hanley, president, Corporate Fiduciaries Association of Chicago; senior vice-president, City National Bank and Trust Company, Chicago. Addresses by Mr. Duncan and George W. Mitchell, vice-president, Research Department, Federal Reserve Bank of Chicago.

Second Session

Investments

2 P.M.

Presiding, William O. Heath, vice-president, Corporate Fiduciaries Association of Chicago; senior vice-president, Harris Trust and Savings Bank, Chicago.

Panel discussion of "Diversification in Common Stock Selection," moderated by Frank W. Hausmann, Jr., vice-president, National Bank of Detroit, Detroit, Mich. Panel members: W. R. Grant, Smith, Barney & Co., New York, N. Y.; C. John Kirsch, Investors Diversified Services, Inc., Minneapolis, Minn.; Arthur J. O'Hara, vice-president, The Northern Trust Company, Chicago; and Arnold Schumacher, economist, Chi-

weeks as individual chapters throughout the country begin holding qualifying debates to choose two teams which will compete in the National Debate Contest for the Jesse H. Jones National Convention Debate Fund prizes.

cago Title and Trust Company, Chicago.

5:30 to 6:30 P.M.

Reception and Get-Acquainted Hour

Third Session

Friday, November 18, 9:15 A.M.

Presiding, Thomas H. Beacom, vice-president, Trust Division, A.B.A.; senior vice-president, The First National Bank of Chicago.

Address by President Bimson.

"Outlook for Industry"

"Public Utilities—Nuclear Power," by J. Harris Ward, president, Commonwealth Edison Company, Chicago.

"Farm Outlook," by Harold G. Halcrow, head of the Department of Agricultural Economics, University of Illinois, Urbana.

"Vending Machines," by F. L. Schuster, economist, Chicago.

"Real Estate," by George H. Dovenmuehle, president, Dovenmuehle, Inc., Chicago.

Luncheon Session

12:30 to 2 P.M.

Presiding, R. Emmett Hanley. (Speaker to be announced.)

Fourth Session

Estate Planning and Business Development

2:15 P.M.

Presiding, Robert E. Lee, secretary-treasurer, Corporate Fiduciaries Association of Chicago; vice-president, Chicago Title and Trust Company, Chicago.

Panel discussion of "Closed Corporations—A Life and Death Matter," moderated by Willard H. Pedrick, professor of law, Northwestern University, Chicago. Panel members: Don H. McClucas, vice-president, The Northern Trust Company, Chicago; William A. McSwain, Eckhart, Klein, McSwain and Campbell, Chicago; and Fletcher Ransom, president, Trust Division, Illinois Bankers Association; vice-president and trust officer, Citizens National Bank, Decatur, Ill.

Defalcation Losses Down

(CONTINUED FROM PAGE 104)

bery should be regarded as dangerous and unattractive is furnished by 90 quick arrests in the 112 holdups that were frustrated, plus the arrests of 164 bandits who escaped with loot in the 228 successful holdups. As a result of these 254 arrests, \$774,231 was recovered, reducing ultimate losses from \$1,762,679 to \$988,448. This compares with total losses from bandits of \$1,407,007 during the 1958-59 fiscal year.

"This substantial reduction in profit to the bank bandit must be attributed in great part to bank management everywhere who are steadily overcoming the holdup problem with cooperation of bank personnel. In 46 cases, bank employees either subdued the bandit or surveilled him until police assistance arrived, thereby being credited with about half of the 90 arrests effected in frustrated holdups. This action on the part of bank

Developments Affecting Bank Credit in 1961 Will Be Discussed at National Credit Conference in Chicago

Planning for the program of the 13th National Credit Conference of the American Bankers Association, to be held at the La Salle Hotel in Chicago, January 23-24, 1961, is rapidly going forward, according to Carl M. Flora, chairman of the A.B.A. Credit Policy Committee and vice-president of the First Wisconsin National Bank, Milwaukee. During the two days, representative leaders in banking, industry, and business will

employees, supplemented by their prompt sounding of alarms and the furnishing of accurate descriptions of bandits and getaway cars to police officials, resulted in the 164 arrests of bandits who perpetrated successful holdups."

review developments affecting bank credit in 1961.

Prominent Bankers to Speak

Speakers from banking will be led by Carl A. Bimson, president, A.B.A., and president, Valley National Bank, Phoenix, and will include: Casimir A. Sienkiewics, president, Central-Penn National Bank, Philadelphia; Thomas C. Boushall, chairman, The Bank of Virginia, Richmond; and M. Monroe Kimbrel, executive vice-president of the First National Bank, Thomson, Ga.

As usual at this conference, a panel from the Robert Morris Associates, the national organization of bank credit men, will review the immediate credit situation and prospective developments for the future.

Savings

Savings Division Renamed

WITH the adoption of revisions to the Constitution of the American Bankers Association during the Association's recent convention in New York, the Savings and Mortgage Division's name was changed to Savings Division and the housing and mortgage activities were placed in the hands of the Mortgage Finance Committee.

Rudolph R. Fichtel, deputy manager of the A.B.A., is secretary of the Savings Division.

Dr. Kurt F. Flexner, director of mortgage finance, is the staff officer in charge of the Mortgage Finance Committee.

Incentive Savings Plans Booklet Nearly Completed

A 2-YEAR study by the Committee on Savings Development of the American Bankers Association's Savings Division will be climaxed this fall with the publishing of *Incentive Savings Plans—Including*

Premiums and Specialties. This study, which is a complete revision of an earlier booklet with the same title, is a digest of 23 different major savings development plans either now in use or used in recent years by banks around the country.

The plans discussed include the following types: automatic, banking-by-mail, children, college, coupon, gift certificate, instalment, interest, life insurance, loan-savings, mortgage loan-savings, no-passbook, packaged savings, payroll, savings bill, savings-loan, stamps, special purpose, staff selling, time and savings certificates, twin accounts, premiums, and specialties.

One free copy of *Incentive Savings Plans* will be sent to each A.B.A. member bank. Additional copies may be obtained from the Director of Printing, 12 E. 36th Street, New York 16, N. Y., at a nominal charge to cover the cost of printing and handling.

C. Arthur Hemminger, vice-president and public relations director of the First National Bank, St. Louis,

is chairman of the Committee on Savings Development.

Savings Development Ideas

ENCLOSED with each copy of the A.B.A. Savings Division's new *Incentive Savings Plan*, described above, will be a special bulletin entitled *Novel Savings Development Ideas*, according to division Secretary Rudolph R. Fichtel.

The bulletin summarizes "A Thought-Starter Savings Promotion Survey" made earlier this year. It was made for the purpose of gathering ideas and details of incentive plans of a novel or offbeat character successfully used by banks to bring in new savings deposits.

"Save and Succeed" for High School Students

ANOTHER booklet being produced by the Savings Division is *Save and Succeed*, designed for distribution to students of high school age.

This publication, which will be completed in late November or early

• NEWS •

• NEWS •

December, is being written for the Committee on Savings Development by Dr. Jerome B. Cohen, assistant dean in charge of Graduate Studies, Bernard M. Baruch School of Business and Public Administration, The City College, New York.

It will cover saving for a college education and the multiple advantages of saving at banks of deposit.

"The booklet will be an effective 'saving at the bank' item for use at the high school level where thrift education material is particularly needed," said division Secretary Rudolph R. Fichtel.

This booklet also will be available in quantity lots with choice of bank imprints when completed.

"Personal Money Management" Is Being Revised

THE popular Savings Division book, *Personal Money Management*, which was last revised in 1958, is undergoing another complete revision under the direction of Dr. Jerome B. Cohen of City College, New York, on behalf of the Committee on Savings Development. It will retain its original format.

This publication is intended as basic material for money-management education of adults and young people as a part of a bank's complete savings service to customers.

It will be released this fall to coincide with the release of a film of the same title being produced by the Public Relations Committee of the A.B.A. (See story about the film on page 78 of October BANKING.)

One free copy of *Personal Money Management* (the booklet) will be available to each A.B.A. member bank. Additional copies may be purchased from the Director of Printing, A.B.A., 12 E. 36th Street, New York 16, N. Y., at a nominal price to cover the cost of production and mailing.

Savings Conference in New York, March 6-8

PLANS are rapidly taking shape for the 58th annual Savings Confer-

Savings in Selected Institutions

(In millions of dollars)

Type of Institution	August 1960 (1)	August 1959	% Change
Commercial banks (2)	\$68,900	\$65,600	5.0
Mutual savings banks	35,600	34,600	2.9
Savings and loan ass'ns	58,868	52,045	13.1
Postal savings	800	1,000	-20.0
Life insurance reserves (3)	93,700	88,700	5.6
Credit unions (3)	4,650	4,080	14.9

(1) Preliminary

(2) Total time deposits excluding interbank time, U.S. Treasurers time deposits, open account, and deposits of postal savings system in banks

(3) June data

ence of the American Bankers Association which will be held at the Hotel Roosevelt in New York on March 6-8, 1961, according to Gaylord A. Freeman, Jr., president of the Savings Division and president of The First National Bank of Chicago. The big two-and-a-half-day meeting will be devoted entirely to current issues and problems in the field of savings banking and will contain sessions of interest to executives concerned with savings administration and operations.

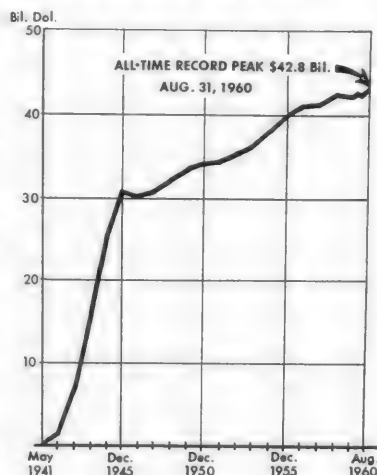
The March conference will be the first of the Savings Division since the revision of the A.B.A. Constitu-

tion placed Association activities in mortgage lending under a separate standing committee. Thus the program will include no session on mortgages. Instead, if present plans for the program materialize, there will be audience participation sessions for discussion and airing of views of bankers on controversial issues, "In any event," Mr. Freeman said, "the program will be dynamic and constructive."

In the various sessions, emphasis will be placed on various aspects of savings banking such as management, promotion, new operational developments, legislation, and utilization of savings.

How E and H Bondholdings Have Grown

This chart shows the amount of Series E and H Savings Bonds in the hands of owners at yearly intervals since May 1941. A new record high of \$42.8-billion was set at the end of August 1960



Savings Bonds Reporting

TO measure accurately the current progress of the Savings Bond program, the U. S. Treasury Department has changed the classification for reporting the ownership of U. S. Savings Bonds. The data are published monthly in the Treasury *Bulletin* in the section showing the "Ownership of Federal Securities." The change was first incorporated in the July 1960 issue.

The new classification places the emphasis on Series E and H Savings Bonds, the only series being sold today. Series E and H Savings Bonds held by individuals are now shown separately at 6-month intervals from June 1941 through December 1958, and monthly thereafter. The matured and discontinued series (A-D, F, G, J, and K), of which there are \$3.2-billion outstanding, are now combined under the heading of "Savings Bonds, Other Series."

Instalment Credit

• NEWS •

We're on our way back to the standard auto models of a decade ago, says Louis J. Asterita, deputy manager of the American Bankers Association and secretary of its Instalment Credit Committee. For more about this and auto credit, turn to page 172 of this month's BANKING.

**Credit and the
Auto Industry**

As a minimum in putting bank instalment credit's best foot forward, banks might activate and publicize the American Bankers Association's Instalment Credit Creed, says J. Andrew Painter, First National City Bank of New York vice-president. Wear your heart on your sleeve, counsels Mr. Painter, and let the consumer know how you feel about him. Publicizing the creed is one way of announcing your good intentions. At least one bank in the Midwest has reproduced the creed in its advertising material. Here's a brief repeat of its most important points. If you haven't a copy, you can obtain one from the A.B.A. Instalment Credit Committee at 12 East 36th Street, N. Y. 16, N. Y.

It emphasizes that a complete statement of all transactions—including cash price, downpayment, unpaid balance, finance charge, time balance, and the number, amount, and date of each payment should be provided each instalment purchaser or lender.

It also holds that protective devices used to minimize risk in extending credit are supplemental, not basic.

Sound terms, in relation to existing economic conditions, should be maintained, unusually long terms, skip payments, low or no downpayments should be discouraged.

Balloon notes and other plans which cause refinancing should be avoided.

No credit should be extended which obviously puts hardship on the borrower.

Charges should be determined in relation to expense of handling.

Prepaying should provide for refund of unearned interest or finance charges.

Collection or late charges should be reasonable, and only in amounts calculated to cover the additional expense caused by delinquency.

**Put the Industry's
Best Foot Forward**

In 1935, 35% of all bankruptcy proceedings in the United States were in the individual consumer or "nonbusiness" category. Today, about 90% of all bankruptcies are in that grouping. Nine out of 10 bankruptcy petitions are filed by individual wage-earners who are seeking relief from an indebtedness that seems too great to be handled, according to Linn K. Twinem, chairman of the American Bar Association's newly formed Committee on Consumer Bankruptcy. Current interest in this committee brought the following postulations from the A.B.A. Instalment Credit Commission: Since bank credit-granting standards have remained high, as have those of other reputable lenders, the overload of debt which might lead to a consumer's petitioning himself into bankruptcy is generally not present when the instalment credit customer first gets his loan from his bank. However, when the individual's need for money reaches a point of urgency beyond this, he can and sometimes does go to other sources, some of whom might grant credit on shaky grounds, until the shortsighted debtor has his back to the wall. This victimization of the unthinking reflects on the entire lending industry, and, says Louis J. Asterita, Secretary of the Instalment Credit Committee, adds fuel to the fires of those criticizing its purposes.

The fiscal year 1959 saw the filing of a total of 100,672 bankruptcy proceedings. Fiscal 1960 saw more. The Committee intends to investigate the causes of high incidence of consumer petitions among these proceedings, and the operation of a particular type of petition called a Chapter XIII filing.

**Bar Concerned
With Consumer
Bankruptcies**

Instalment Credit

• NEWS •

Charles T. O'Neill, Jr., assistant general counsel, representing the American Bankers Association, is on the committee, along with representatives of many other industries.

Shortage of Credit Execs Is a Pressing Problem

Two credit leaders have publicly underscored selection, training and development of executives as one of the most pressing problems being faced by today's consumer credit industry. CIT Financial Corp. president, Walter Lundell, forecasts a movement toward a more professional status in the consumer credit industry. Not only are operating problems more complex, but the margin for error in judgment will be narrower.

Says J. Andrew Painter: there is a deeper need for the understanding of the social aspects of consumer credit, for the use and promotion of instalment credit as a builder of better living. Instalment credit needs to be brought out from under the stigma of "debt." There is a need he says, for consumer credit schools for middle management or management succession that will evolve executives with understanding of the social implications of their work-tool, as well as with better techniques for sound fiscal policies and economical operation. There is a need for comprehensive, on-the-job training programs for employees, explaining their role and responsibilities in administering consumer credit to the general public. Attendance at American Institute of Banking courses might also be encouraged, says Mr. Painter.

Eighteen bankers in five states have been awarded honor scrolls by the National Committee for the 50th Anniversary of Consumer Credit in Commercial Banks. Thomas C. Boushall, national chairman, and chairman of The Bank of Virginia, has announced the honors and added that other awards will be presented throughout the country during the remaining months of the year.

Honor scrolls have so far been awarded to bankers in the following states:

Credit Leaders Honored by National Anniversary Committee

Illinois: Clyde E. Borman, vice-president and secretary, Alton Banking and Trust Company; Harry L. Kline, vice-president, The Citizens National Bank, Decatur; Virgil E. Samples, vice-president, Commercial National Bank of Peoria; Joseph P. Rothermel, vice-president, Springfield Marine Bank; G. William Schildman, vice-president, The Farmers State Bank and Trust Company, Jacksonville; Harry E. Rogier, president, The First National Bank of Vandalia; Ray W. Lamphere, vice-president, Old Second National Bank of Aurora; Giles A. Eldred, manager instalment loan department, Rock Island Bank and Trust Company, Rock Island; and Harold J. Bacon, president, Home State Bank of Crystal Lake. More Illinois bankers will be announced later.

Louisiana: Rupert T. Barber, vice-president, Rapides Bank and Trust Company, Alexandria, and William J. Fischer, chairman, Progressive Bank and Trust Company, Alexandria.

Oklahoma: W. M. Harrison, vice-president, First National Bank and Trust Company, Oklahoma City.

New Mexico: George Biefer, senior vice-president, First National Bank, Albuquerque, and H. C. Harvey, vice-president, Carlsbad National Bank.

Texas: John L. Gibson, vice-president, Republic National Bank, Dallas; R. T. Mayfield, vice-president, First National Bank of Fort Worth; J. Henry Simpson, senior vice-president, American National Bank, Beaumont; and George S. Sutton, senior vice-president, First National Bank, Dallas.

Housing and Mortgages

A.B.A.'s "You, Your Bank, and Your Mortgage" Gives Tips to Home-Buying-Bent Bank Customers

THE Mortgage Finance Committee and the Advertising Department of the American Bankers Association, working cooperatively, have completed a booklet entitled *You, Your Bank, and Your Mortgage* for circulation by banks to customers interested in buying homes.

The booklet gives tips and pointers under five main headings, as follows:

"How Much Can You Afford to Pay for a House?" which includes a discussion of how to calculate what one should pay for a house; the mortgage payment; other monthly housing expenses; whether the purchaser can afford the house on the basis of present income; budget allowances for housing, and other fixed expenses; under what circumstances one should make a downward or an upward adjustment in price of home; downpayments and terms; and initial expenses.

"What to Consider in Purchasing a Home," including an analysis of the importance of taking a look at one's needs and requirements before signing the contract; an examination of the neighborhood and tax rates applicable; a discerning look at the homes in the community and at the

lot on which the home will be built; thorough inspection of the house (if already built or the blueprints if not yet constructed) with convenience and upkeep in mind.

"Check List for Home Buyers" which includes an over-all appraisal of the living room, dining area, kitchen, bathroom, bedroom, basement, floors and walls, windows and doors, exterior, general details, and garage.

"What Kind of Mortgage Is Best for You?"—conventional, FHA, and VA loans.

"Mortgage Loan Applications and Closing Procedures"—a discussion of what is involved in the original application; what is involved in closing the deal when one decides to go ahead; and how to go about closing a loan.

This booklet will be available to banks in quantity lots at a nominal price. If they wish, banks may have their own imprint on the folder.

Cowles Andrus, president, New Jersey Bank & Trust Co., Passaic, is chairman of the Mortgage Finance Committee; Dr. Kurt F. Flexner is director of Mortgage Finance; and G. Edwin Heming is manager of the Advertising Department.

Commercial Bank Real Estate Mortgage Market Activity Measured by A.B.A. Study

ONE in eight U. S. Commercial banks holds conventional real estate mortgages approximating or exceeding the ratio of 60% of time deposits to which national banks are limited by Federal law, according to a survey by the Mortgage Finance Committee of the A.B.A. Those exceeding the 60% ratio use an alternative limitation based on the bank's capital and surplus, or they are state banks not subject to the 60% ratio.

The committee also reported that, on the whole, smaller banks have a larger share of their time deposits invested in conventional mortgages than do larger banks. For banks with

assets up to \$25,000,000 the percentage is 34.9%, as against 20.2% for banks with assets over \$500,000,000.

Advance real estate mortgage commitments by commercial banks declined about 10% between August 15, 1959 and August 15, 1960, according to the committee survey. Delinquencies and foreclosures increased slightly during the same period.

The dollar value of the average residential mortgage in the portfolio of reporting banks totaled \$6,891 for conventional mortgages and \$7,762 for FHA-insured and VA-guaranteed mortgages.

The statistical survey of commercial banks on the mortgage market was the first undertaken by the A.B.A.'s Mortgage Finance Committee. Participants in the survey hold approximately 30% of all commercial bank mortgages in the country.

With respect to interest rates on mortgage loans, 51% of the banks report rates ranging from 5.5% to 6%. Rates between 6.1% and 6.5% are reported by 36% of the banks. Rates over 6.5% are reported by 13% of the banks surveyed.

Fifty percent of the banks report discounts of 3 to 5 points on FHA mortgages, while 32% report less than 3 points, and 18% report over 5 points.

The percentage change in commitments reported by banks for the year ending August 15, 1960, averages out nationally to a decline of 10.1%. Reports in this category, as in others, reflect widely varying experiences in different areas of the country. Reporting banks in the Third Federal Reserve District, for example, show a gain in commitments of 65.4%, as compared with a decline of 71.9% for banks in the Eleventh Federal Reserve District.

National Mortgage Meeting in Capital Apr. 30-May 3

BANKERS from all over the country are being invited to attend the First National Mortgage Meeting to be held at the Shoreham Hotel, Washington, D. C., on April 30-May 3, 1961, according to a statement by Dr. Kurt F. Flexner, director of Mortgage Finance of the American Bankers Association. This meeting, still in the planning stages, will be designed for bankers who wish to discuss housing and mortgage topics of current interest with members of Congress and executive agency people.

Three morning sessions of the meeting will be devoted to (1) the Government's role in housing and mortgage finance; (2) monetary and banking policies in relation to mort-

• NEWS •

gage finance; and (3) the industry's role in mortgage finance.

Prominent bankers, Government representatives, economists, and educators will participate in the speaking program.

Mortgage Money Plentiful

AN intensive survey just completed by Ivor B. Clark, Inc. a leading mortgage finance specialist, reveals that more money is available at the present time for mortgage financing, especially from life insurance companies and pension funds, as against six months ago.

"We find that this is true across the country, with no one specific area predominating," said Vice-president Ivor B. Clark, Jr.

However, Mr. Clark points out an interesting corollary, the fact that the survey reveals that mortgage interest rates have softened somewhat, but not appreciably, with no indication of a major decrease in the near future. Six months ago an institution

had a minimum mortgage rate of 6¼%. At the present time the minimum rate is 6%.

Safety of Mortgages Is Prime Investment Factor

TRUSTEES of pension funds of all kinds, meeting in New York, were told that they can count on safety as one of the prime investment factors when they embark on a program of placing some of their funds in home mortgages. Roger W. Hatch, vice-president and treasurer of Walker & Dunlop, Inc., Washington, D. C., mortgage banking firm, addressed the first Mortgage Seminar for Trusteed Funds sponsored by the Mortgage Bankers Association of America. He told the fund managers of the built-in safety of mortgage loans and how high they rank when compared with other investment media.

Mr. Hatch told the fund managers that the history of mortgage lending since the depression of the Thirties has been one of low foreclosures and excellent investment risk—and that this record is particularly true for Federal Housing Administration insured and Veterans Administra-

tion guaranteed loans which, it is contemplated, the pension funds will buy in greater volume than conventional-type mortgages.

\$26 Earns \$3,700

ONE of the oldest individually owned savings accounts in the United States and one which in the 116 years of its existence has earned more than \$3,700 in compound interest was featured in Old Saybrook, Conn., as part of the ceremonies opening the Old Saybrook Branch of the Middletown Savings Bank.

The account, opened by 19-year-old Fred Sheffield in January 1844 with an initial deposit of \$8 and later increased by an \$18 deposit, was transferred from the savings bank's main office to its new branch in Old Saybrook. The transfer was made on horseback by William Coe, a teller of the bank, who followed in reverse the path taken by Fred Sheffield when he rode from his home town of Old Saybrook to Middletown to open his savings account. The Sheffield account will be honored as the first account to be entered in the new branch office.

The account is now owned by Frederick Sheffield, grandson of the original depositor, who has adhered to the family tradition of neither adding to nor withdrawing from the account.

CALENDAR, 1960-61

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American Bankers Association

- Nov. 2-4 34th Western Regional Trust Conference, Arizona Biltmore, Phoenix
- Nov. 14-15 9th National Agricultural Credit Conference, Denver Hilton Hotel, Denver
- Nov. 17-18 29th Mid-Continent Trust Conference, The Drake, Chicago
- Nov. 29-30 Southern Secretaries Conference, Francis Marion Hotel, Charleston, S. C.
- Dec. 11-13 Conference of Eastern Bankers Association Executives, Shamrock Cliff Hotel, Newport, R. I.
- 1961
- Jan. 23-24 13th National Credit Conference, La-Salle Hotel, Chicago

- Feb. 6-8 42nd Mid-Winter Trust Conference, Waldorf-Astoria, New York
- Mar. 6-8 58th Annual Savings and Mortgage Conference, Hotel Roosevelt, New York
- Mar. 20-22 Instalment Credit Conference, Conrad Hilton Hotel, Chicago
- Apr. 30- National Mortgage Conference, Shoreham Hotel, Washington, D. C.
- May 3- Fourth Southern Trust Conference, Heidelberg Hotel, Jackson, Miss.
- May 29- American Institute of Banking, Olympic Hotel, Seattle
- June 2- Stonier Graduate School of Banking, Rutgers University, New Brunswick, N. J.
- June 12-24 87th Annual Convention, San Francisco
- Oct. 15-18 87th Annual Convention, San Francisco

Nov. 13-14 10th National Agricultural Credit Conference, The Statler Hilton, Dallas, Texas

State Associations

Nov. 10-12 Arizona, Pioneer Hotel, Tucson

1961

Jan. 23-24 Wisconsin Midwinter Conference, Hotel Schroeder, Milwaukee

Mar. 22-25 Florida, Americana Hotel, Bal Harbour

Apr. 5-13 Maryland, Cruise on the S.S. Hanseatic

Apr. 8-11 Louisiana, Buena Vista Hotel, Biloxi, Miss.

Apr. 13-14 Georgia, General Oglethorpe Hotel, Savannah

Apr. 26-28 Alabama, Jefferson Davis Hotel, Montgomery

May 4-5 Oklahoma, Mayo Hotel, Tulsa

May 7-9 North Carolina, The Carolina, Pinehurst

May 9-11 Ohio, Deshler-Hilton Hotel, Columbus

May 11 Delaware, Hotel du Pont, Wilmington

May 14-16 Missouri, Hotel Muehlebach, Kansas City

May 15-16 Illinois, Sheraton-Jefferson Hotel, St. Louis, Mo.

May 17-19 New Jersey, Chalfonte-Haddon Hall, Atlantic City

May 18-20 South Carolina, Francis Marion Hotel, Charleston

May 18-20 Kansas, Wichita

May 21-23 California, Fairmont Hotel, San Francisco

May 21-24 Pennsylvania, Chalfonte-Haddon Hall, Atlantic City, N. J.

May 22-24 Arkansas, Arlington Hotel, Hot Springs

May 22-24 Mississippi, Buena Vista Hotel, Biloxi

May 25-27 Massachusetts, The Equinox House, Manchester, Vt.

May 25-27 South Dakota, Sheraton Johnson Hotel, Rapid City

May 26-27 North Dakota, Gardner Hotel, Fargo

June 6-7 Minnesota, Saint Paul Hotel, Saint Paul

June 7-8 Indiana, French Lick-Sheraton Hotel, French Lick

June 7-11 Dist. of Col., The Homestead, Hot Springs, Va.

June 8-9 Connecticut, Equinox House, Manchester, Vt.

June 8-10 New Mexico, La Fonda Hotel, Santa Fe

June 8-11 Utah, Sun Valley Lodge, Sun Valley, Idaho

June 11-13 Idaho, The Lodge, Sun Valley

June 14-16 New York, Lake Placid Club, Lake Placid

June 15-17 Vermont, The Equinox House, Manchester, Vt.

June 15-17 Virginia, The Homestead, Hot Springs, Va.

June 15-17 Wyoming, Jackson Lake Lodge, Moran

June 16-17 *New Hampshire, Wentworth-by-the-Sea Hotel, Portsmouth (New Castle)

June 16-17 *New Hampshire Mutual Savings, Wentworth-by-the-Sea Hotel, Portsmouth (New Castle)

June 18-20 Washington, Leopold Hotel, Bellingham

June 19-21 Wisconsin, Hotel Schroeder, Milwaukee

June 22-24 Michigan, Grand Hotel, Mackinac Island

June 22-24 Montana, Jackson Lake Lodge, Moran, Wyo.

June 23-25 Maine, Poland Spring House, Poland Spring

June 23-24 New Jersey Mutual Savings, Monmouth Hotel, Spring Lake

June 20-22 West Virginia, The Greenbrier, White Sulphur Springs

Sept. 7-9 Maine Mutual Savings, The Balsams, Dixville Notch, N. H.

Sept. 14-16 Massachusetts Mutual Savings, Equinox House, Manchester, Vt.

Oct. 11-12 Nebraska, Sheraton-Fontenelle Hotel, Omaha

Oct. 29- Nov. 1 Iowa, Hotel Fort Des Moines, Des Moines

*Joint Meeting

Other Organizations

Nov. 1-3 Southwest Business Equipment Show, Educational Bldg., Tulsa State Fairgrounds, Tulsa, Okla.

Nov. 27- Dec. 2 Investment Bankers Convention, Hollywood Beach Hotel, Hollywood, Fla.

1961

Apr. 10-12 NABAC Eastern Regional, Hotel Biltmore, Atlanta, Ga.

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For the Good of the Economy

Here are the resolutions adopted by the 86th annual convention of the American Bankers Association in New York. They were too late for inclusion in BANKING'S October issue.

Monetary and Credit Policies

THIS year's events have demonstrated once again the necessity for and the usefulness of flexible monetary and credit policies. The current lull in some lines of business has been accompanied by a prompt shift of Federal Reserve policy to one of moderate ease. The present circumstances require that the monetary authorities be prepared to move quickly in either direction, as changing economic conditions may warrant. Only a monetary management that is free of political domination and unfettered by rigidly doctrinaire views can be fully responsive to the changing needs of the economy. The Federal Reserve System has shown courage and good judgment in meeting those needs, and continues to deserve our wholehearted support.

If flexible credit policies are to be successful in fostering economic growth, reasonably stable prices and high levels of employment, interest rates must be permitted to respond freely to basic forces in the credit markets. Attempts to maintain artificially any level of interest rates would enormously complicate the already difficult task of achieving sustainable economic growth.

Important and essential as monetary policy is, we recognize that it has limitations. Inappropriate and untimely fiscal policies and excessive rigidities in costs and prices can greatly reduce its effectiveness. Given sensible policies in these other areas, however, flexible monetary policies make a major contribution to the growth and stability of our economy.

Federal Fiscal Policy

Sound fiscal policies are essential to the maintenance of economic stability, the prevention of inflation, and the fostering of sustained economic growth. Achievement of these objectives requires Federal tax and expenditure policies that will produce budgetary surpluses and permit debt reduction during periods of high-level business activity in order to offset the deficits that develop in recession periods.

Fiscal responsibility requires that tax revenues balance outlays over the long run; persistent Treasury deficits will inevitably generate inflationary pressures. There is widespread public opposition to further increases in taxes. In fact, tax revision to encourage private investment is essential if we are to accelerate our rate of economic growth.

Our national defense obviously requires a high level of expenditures. Therefore, we must prune less essential expenditures from the budget. The voters need to understand that every Government activity entails a cost—either in taxes or increased inflationary pressures—that must be measured against the prospective benefits of increased spending.

In addition, we should avoid large increases in Government spending programs at every mild interruption in business activity.

Sound fiscal policy is not only essential to our domestic well-being, but is also imperative in order to maintain our international economic position and, in particular, if we are to assure confidence in the strength and stability of the American dollar.

Balance of Payments

We note that the gold outflow is continuing and that the monetary gold stock of the United States has fallen below \$19-billion. Despite a sharp rise in exports in the first half of 1960, to near record proportion, the deficit in the balance of payments of the United States is now estimated to be at an annual rate of \$3-billion.

This situation cannot be viewed with complacency. We have not yet come to grips with the discipline of an adverse balance of payments. We cannot afford to drift in the hope that the situation may shortly correct itself.

Continued attention must be given to the development of effective means of eliminating our large balance of payments deficit.

Consumer Instalment Credit

A continued flow of sound instalment credit is essential to the vigor, strength and growth of our economy. Commercial banking is the major source of such credit and has been instrumental in establishing standards which have exerted a constructive influence on the consumer credit industry. It is of vital importance, both to the users of instalment credit and to the lenders, that present standards be maintained. Bankers have a responsibility to the public, to their customers, and to themselves, to resist lengthening of maturities, reduction of equities, or downgrading of credit standards.

Taxation of Financial Institutions

We commend the officers and appropriate committees of the Association for their efforts in seeking the elimination of existing inequities in the taxation of financial institutions. Assistance and support of these con-

tinuing efforts are the responsibility of the entire membership of this Association.

Federal Mutual Savings Banks

The American Bankers Association is opposed in principle to the establishment of a federally-chartered mutual savings bank system in any form.

Savings Bonds

The United States Savings Bonds program, which marks its 20th anniversary in 1961, has contributed in a major way to the promotion of thrift. It has been a stabilizing influence in the economy, and has helped to build important financial reserves in every American community. Because banks and bankers have been prominently identified with the program's success since the very beginning, it is appropriate on this anniversary occasion for the American Bankers Association to express its congratulations to the Treasury, and its continued endorsement and support of the Savings Bonds program.

The Citizen's Duty

Good government is the responsibility of all our citizens. Again this year we have the opportunity to express our choice by the exercise of one of the greatest privileges our people enjoy—the privilege of voting in a free election. In the past, too many who could have voted have failed to go to the polls.

The ballot is the greatest instrument for freedom and human welfare ever invented by man. We who have it must surely use it.

Appreciation

We extend to John W. Remington, our president, sincere thanks and deep appreciation for his leadership and devotion to the affairs of our Association and the interests of banking. We also thank the other officers and the members who have served during the year on divisions, sections, councils, commissions, and committees for their loyalty and zeal in carrying out the A.B.A. activities.

The American Bankers Association appreciates the hospitality shown by our hosts, the New York Clearing House banks. We are grateful to the press, the hotels, and all others who have contributed so much to the success of this convention.



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Start saving up to 10% *right now* with Ever Ready's new pin-feed automatic labels. These amazingly inexpensive "Automatabels" have refashioned automatic labeling and proved a considerable savings for banks, insurance firms, schools, government agencies and virtually every type of business. In three sizes, thrifty "Automatabels" will operate smoothly and effectively in *every* business machine with a pin-feed platen or tractor feed, and in addition, are used extensively in convenient roll form

for all platen feed typewriters.

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- ☐ Please send me actual samples of your "Automatabels."
- ☐ Please send me Ever Ready's Label Idea Kit.

NAME TITLE

COMPANY

STREET ADDRESS

CITY, ZONE, STATE



AT SOUTH SHORE NATIONAL BANK, QUINCY, MASS., **"BURROUGHS ELECTRONIC BANK BOOKKEEPING MACHINES**

The scene: the bank accounting operation at South Shore National Bank, Quincy, Mass. **The equipment:** Burroughs F-4000 Electronic Bank Bookkeeping Machines. **The results,** according to Senior Vice President Harry E. Finley: "This equipment met all of our expectations. Its high level of efficiency resulted in substantial reductions of operating costs. It would be impossible to do today's work with twice the number of machines that this electronic equipment replaced." **Tomorrow the Visible Record Computer:** "Exhaustive comparative studies proved to us that this system is in line with our policy of step-by-step utilization of the most economically feasible advanced techniques." **Why the VRC:** "We will be able to take full advantage of the improved managerial knowledge provided by applying broad-scale VRC data processing to bank accounting—checking accounts, installment loans, mortgage loans and savings accounts among other operations."

South Shore National is one of many banks helped to ever increasing levels of accounting efficiency by Burroughs automation equipment. For details, action—and results—call our nearby branch now. Or write Burroughs Corporation, Detroit 32, Michigan.

Burroughs and VRC—TM's



SENIOR VICE PRESIDENT HARRY E. FINLEY REPORTS:
DOUBLE OUR PRODUCTIVE CAPACITY."



"ON THE WAY," ACCORDING TO MR. FINLEY, "NEW ENGLAND'S FIRST BURROUGHS B251 VISIBLE RECORD COMPUTER INSTALLATION, WITH THE SOPHISTICATED TECHNIQUES TO IMPROVE OUR OPERATIONS AND MANAGEMENT CONTROL."

Burroughs Corporation

"NEW DIMENSIONS / in electronics and data processing systems"



SAAB OF SWEDEN

New 5-seater
Sports Sedan
for '61

MORE POWERFUL 42 H. P. ENGINE • NEW WRAP-AROUND REAR WINDOW WITH MORE THAN TWICE THE AREA
NEW ALL-WEATHER VENTILATORS AND SIDE-OPENING BACK WINDOWS • WIDER BACK SEAT FOR THREE • HUGE
LUGGAGE COMPARTMENT, (23% LARGER) • HANDSOME NEW INSTRUMENT PANEL AND SAFETY-PADDED DASH.



COMPETITIVE IN PRICE WITH \$1,600 CARS BECAUSE THE COMPLETE PRICE OF \$1,895* INCLUDES EQUIPMENT AND FEATURES NOT FOUND IN OTHER CARS.

If you are concerned with the marketing of imported cars

investigate the potentials of the unique Saab car from Sweden. Brought to the United States in 1956 following its great success in Europe, the Saab has endeared itself to thousands of Americans. Some communities even have started Saab "clubs" because, as one owner expressed it, "the car is such an engineering work of art we like to get together and enthuse about it".

If you sell, or finance, or insure automobiles, you will be interested in how Saab's marketing policy differs from that of most "importers". The car is distributed *direct* to dealers through a *wholly owned* U. S. subsidiary of the parent company, Saab of Sweden.** This assures undivided responsibility for deliveries, warranties, service standards, spare parts supplies and financial stability. The latest Saab Annual Report tells the complete story. May we send you a copy, with our compliments? Just write to Saab Motors, Inc. at address below.

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EUROPEAN DELIVERIES ALSO AVAILABLE
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Sweden's largest producer of
aircraft and automobiles.



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Producer of Jet Aircraft**

Write Saab Motors Inc., 405 Park Ave., New York 22, N. Y. or see your Saab dealer.

Automation

(CONTINUED FROM PAGE 94)

Monthly statements are made up on a cycle basis; about 1,600 a week to cover our 6,500 special checking accounts in a calendar month. But before we run the 1,600 accounts, we run all the balance cards through the accounting machine to print a weekly trial balance. This is proved back to the general ledger.

Then we take the 1,600 balance cards for the particular cycle and run them through the calculator. This checks the accuracy of the cross-footing and automatically punches a 25-cent service charge. After they have been checked, a duplicate set of balance cards are made and filed.

... to Monthly Statements

The balance cards plus the name and address card for each of the 1,600 depositors enable us to produce mechanically the statement cards with the balance information on them. Finally, the statement cards are collated against all checks and deposit memos to see that the correct number of items that have gone through the account during the month are now present to be sent out with the statement.

Handling Exceptions

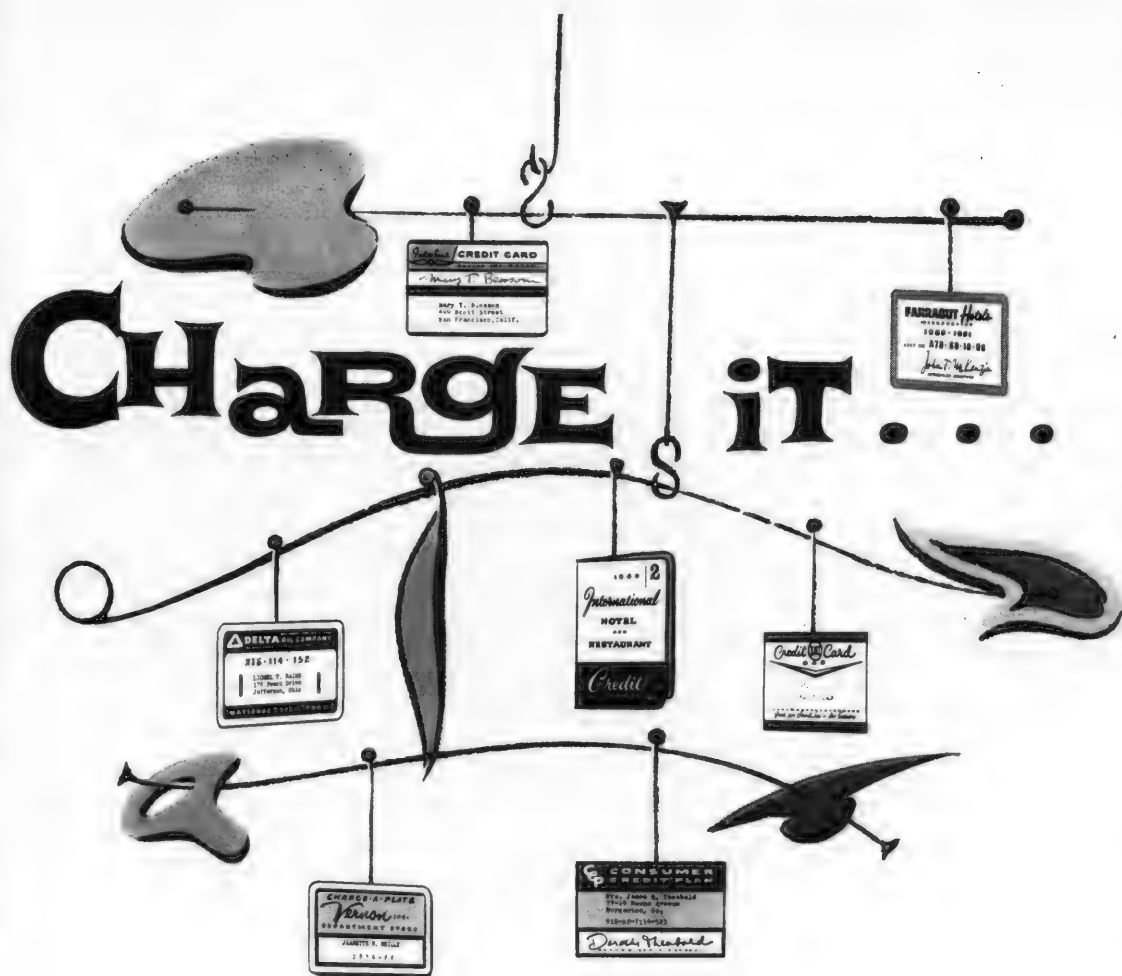
Exceptions, such as stop payment or hold items, may be processed at any time during the day or cycle. They are punched on colored cards after a clerk checks to see if payment has not already been made. The cards are held aside and manually checked to see if the account is processed during the day.

The entire job is done on IBM processing equipment. There is no denying that we could have installed other types of accounting machines to do specific jobs. However, this equipment encompasses practically every operation in the bank—and that's how we make it pay.

A great many people mistake opinions for thoughts.

Money used to talk, but now it goes without saying.

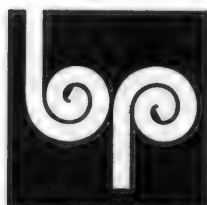
A boy is grown up when he walks around a puddle.



Thanks to the efficiency of American banking institutions, credit-minded consumers have added to the vitality of our dynamic economy. Increased consumption requires more checks to pay for the countless goods and services essential to fill expanding consumer demands.

Throughout the nation checks on Bergstrom safety paper are playing an important role in our economic expansion . . . checks provided by banks as a service to their customers transfer vast sums of money quietly and efficiently . . . and they are safe.

SINCE 1904



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NEENAH, WISCONSIN

The Changing World of Banking

As Seen by the Women Bankers' Convention in Pasadena

MARY B. LEACH

FROM the kick-off tour of Disneyland to the Banquet of Roses, with, in between, a diversified program of serious discussion of the changing world of banking, association developments, and the role of women in the changing world, the 38th annual convention of the National Association of Bank Women by all measurements was a *big* success. It was *big* in that it had headline speakers, *big* in the thoughtful presentation of serious questions facing the world in the atomic age, and *big* in the numbers of women bank executives who journeyed to the home of the Tournament of Roses to garner new ideas and widen their acquaintances.

Carl A. Bimson, president of the Valley National Bank, Phoenix, Ariz., and president of the American Bankers Association, spoke on "The Feminine Touch" at the Banquet of Roses; Milton F. Darr, Jr., vice-president of the La Salle National Bank, Chicago, and president of the American Institute of Banking, spoke at the Jean Arnot Reid Award luncheon on how NABW members can influence junior bankers to take advantage of the Institute's educational program; Helen R. Rhinehart, vice-president of the Brenton Companies, Des Moines, Iowa, and president of the National Association of Bank Women, on the gains and goals of association members; Nancye B. Staub, trust officer, Trust Company of Morris County, Morristown, N. J., and chairman, NABW's Economic Growth Without Inflation Committee, on growth without inflation; and Marion Anderton, assistant cashier of the Bank of America, and 1960-61 NABW president, on the planks in her platform.

This is by no means a complete roster of speakers. Like so many banking conventions, this one was held after our deadline, and manu-



President Helen L. Rhinehart presents the Jean Arnot Reid Award to C. Betty Bonath. Milton F. Darr, Jr. (A.I.B. president), second from left, and Barbara Pendleton, right

scripts of most of the talks were unavailable at press time. So the best we can do here is to give a sampling of speaker remarks.

Betty Bonath Receives Jean Arnot Reid Award

C. Betty Bonath, head teller at the Gary (Ind.) National Bank, received the Jean Arnot Reid Award from Miss Rhinehart at a luncheon in her honor. In addition to an engrossed scroll, she was presented with a \$250 cash award.

She was chosen for the award by the Founders' Tribute Committee, headed by Barbara Pendleton, assistant vice-president, Grand Avenue Bank, Kansas City, Mo., out of a group of 10 candidates who had received the highest average grades of all women who completed the American Institute of Banking's Standard Certificate during the past year.

Miss Bonath has been in banking for 18 years. She supervises 30 com-

mercial tellers and establishes training procedures. Factors in determining the winner were integrity of character, interest and efficiency in her work, adaptability in her job, attitude toward her coworkers, sense of social responsibility, participation in community activities, and continuing interest in self-improvement.

Building Better Bankers

"Today bankers face their greatest responsibility, as well as their greatest opportunity, for increasing community service," said Mr. Darr in his address on "Building Better Bankers." "But along with these opportunities, they also face a most significant and increasing problem; the problem of training and building better bankers for management succession," he added.

Addressing the NABW members directly, Mr. Darr stated:

"We must encourage more and more bankers to participate in our

"In 1949, I told you (and I quote) : 'You are, I am sure, the most talented lot of bank officers that could be gathered together in one group anywhere.' This, in my opinion, is as true today as it was in 1949."—Carl A. Bimson

educational program. Those of you who have been active in the National Association of Bank Women can be materially helpful in encouraging your associates to take advantage of the opportunities afforded to them through participation in our A.I.B. program. . . .

"I am sure that your encouragement through the Jean Arnot Reid Award has caused more and more women to participate actively in our educational program and to strive for increased achievement and recognition. The American Institute of Banking is deeply grateful to each of you for the enthusiastic support you have given to our program."

We've Been Polishing Our Lamps . . .

"During two world wars, many men had to leave banking to fight for our freedom," said Miss Rhinehart. "This made it possible for women to jump into the breach. We have been polishing our lamps ever since so that our usefulness might glow in the dark corners when needed. Now it is pretty generally accepted that women can take their place in the banking limelight."

Miss Rhinehart said that "we could not have achieved our status as rapidly without recognition by men. We are grateful for the opportunities that have been extended to women who have prepared for executive responsibilities."

One of the chief aims of the NABW, said Miss Rhinehart, is to encourage women to equip themselves for executive roles.

"The time is at hand when women should be afforded equal opportunities with men to study in our graduate schools of banking," she said. "Our association will not relax its interest in this particular objective."

Nothing Less than a V.P. Title!

An especially bright moment for the women bankers came when Mr. Bimson rose to speak, for he was speaking as one who knows about the qualifications of women to assume executive posts. At this time, the Val-

ley National lists 26 women officers.

Mr. Bimson quoted a statement of his appearing in a recent column of Sylvia Porter's where he said "Women are indispensable to banking; given proper opportunity and training, they demonstrate executive abilities equal to those of most men; in many instances, they possess skills not duplicated by any man . . . and while the majority of women in banks are clerks, bookkeepers, and tellers, they do fill every job classification there is."

"You have made tremendous strides with an increase of 266% in the number of women officers since 1940—compared with a 73% gain in male officers," he added.

He pointed to the estimated 25% increase in the number of working women to fill our labor needs by 1970, and stated:

"In speaking to the Arkansas bankers last spring, I indicated a need for the replacement over the next 10 years of over one-half of our bank officers. If women can't nail down more than 10% of the officer openings, you are not as good as I think you are. What greater challenge could any career woman wish for if she is

not an officer already. Even those of you who are should set your sights on nothing less than a V.P. title!"

Mr. Bimson pointed out that while it is true that men frequently are unwilling to credit a woman's executive ability, it is also true that women are even less apt to grant the ability of another woman. And he added: "... maybe it would help if your assessment of each other's ability was kept objective and you do not go overboard in a demand for perfection."

20% of Officers Women in 1970

In conclusion, Mr. Bimson said that he had a message for the men. And this is it: "We need to take cognizance of the statement carried by a famous ad which says, 'Never underestimate the power of a woman.' Neither, however, should you women underestimate yourselves. There is no position in banking, which you might aspire to, that hasn't already been held by a woman. Opportunities are unlimited; and as we gain a greater acceptance of all women, you will find this will mean greater consideration for you when management thinks in terms of officer and employee advancements.

"It is entirely conceivable that your banquet speaker in 1970 will be able to congratulate you on the fact that women hold not 10%, as at present, but 20% of all officer positions."

Growth Without Inflation

A good place to start "retarding in-

The 1960-61 officers of NABW elected during the Pasadena convention. Left to right, Ann Beno (treasurer); Hilda H. Kollman (vice-president); Marion Anderton (president); Tillie McCoy (recording secretary); and Frances W. Partridge (corresponding secretary)



flation in order that economic growth may be planned more effectively" would be with a logical Government fiscal policy," said Mrs. Staub.

"Government organization should be placed on a more efficient basis," she said. "Tax Foundation, Inc., reports that one out of seven is a government worker. It costs roughly \$33-billion today to support the payrolls covering 8,000,000 government workers (2,300,000 in Federal jobs and 5,800,000 on state and local payrolls). It costs \$610 per American family this year to maintain government workers. Ten years ago the cost was only \$340. By 1970 it is estimated that it may cost nearly \$800 per family. The two Hoover Commission reports, available for years, outline specifically steps for more efficient and economical government organization. Insufficient public pressure on the Congress to make maximum use of the Hoover Commission recommendations has deprived us of the full benefit that could result from their adoption."

Mrs. Staub added that "generally speaking, money supply and credit



Louise Crew, front row, center, assistant cashier, First Western Bank and Trust Company, Pasadena, Calif., was the general chairman of the convention. She is shown with other convention chairmen. Seated, left to right: Augusta E. H. Anderson, assistant cashier, Bank of America, Los Angeles; Margaret L. Smyser, escrow officer, First Western Bank and Trust Company, Pasadena; Mrs. Crew; Virginia L. Greiner, assistant cashier, Union Bank, North Hollywood; and Betty Richmond, assistant cashier, Bank of America, Los Angeles. Standing, left to right, Elizabeth M. Watson, First Western Bank and Trust Company, Los Angeles; Edith H. Schaaf, secretary and assistant cashier, Beverly Hills National Bank and Trust Company, Beverly Hills; Beth Hilton, assistant cashier, California Bank, Pasadena; Florence D. Littlefield, escrow officer, California Bank, Los Angeles; Bertha B. Jones, trust officer, First Western Bank and Trust Company, Pasadena; Patricia Bath, assistant cashier, Bank of America, Altadena; and Mayme E. Bonham, trust adviser, Security First National Bank, Riverside

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should be limited to amounts the economy can absorb without starting inflationary pressures. The efficient work of the Federal Reserve in this respect in the past warrants our continued support."

Slate of New Officers

Marion Anderton, assistant cashier, Bank of America N.T. & S.A., San Francisco, was elected to the presidency of NABW to succeed Miss Rhinehart. Hilda H. Kollmann, director, vice-president, cashier, and trust officer, State Bank of Blue Island, Blue Island, Ill., was elected vice-president of the association. Other national officers include Tillie McCoy, assistant manager, Crocker-Anglo National Bank, Hayward, Calif., *recording secretary*; Frances W. Partridge, assistant vice-president, Central Valley National Bank, Oakland, *corresponding secretary*; and Ann Beno, assistant cashier, Pullman Trust & Savings Bank, Chicago, was reelected *treasurer*.

Mrs. Anderton, a member of NABW since 1953, joined the staff of the Bank of America in 1945 and was made an assistant cashier in 1952. She has worked in personnel rela-

tions, public relations, and customer research. She has served the NABW in various capacities, including the vice-presidency during the past year. She is active in San Francisco professional and civic groups.

Miss Kollmann, a 13-year NABW member, also has served the association in a number of capacities and is active in Chicago and Blue Island professional and civic organizations.

Regional Vice-Presidents

Twelve regional vice-presidents were chosen to serve in liaison work for the association during the year in the following divisions:

Lake: Venice Endsley, The First National Bank, Huntington, Ind.

Middle Atlantic: Emily H. Womach, assistant cashier and secretary, The Sussex Trust Company, Laurel, Del.

Midwest: Alice Akes, assistant vice-president, Decatur County State Bank, Leon, Iowa.

New England: Edna M. Hammell, manager, Newton-Waltham Bank & Trust Co., Newton Highlands, Mass.

North Atlantic: Elsie A. Elischer, asst. vice-president, Security National Bank of L. I., Lindenhurst, N. Y.



Venice Endsley



Emily Womach



Alice Akes



Edna Hammell



Elsie A. Elischer



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Northwestern: Margaret C. Johnson, assistant secretary, Washington Mutual Savings Bank, Seattle.

Rocky Mountain: Janet B. Walker, assistant vice-president, First Security Bank of Utah N. A., Ogden.

Southeastern: Evelyn L. Worley, assistant vice-president, The Citizens and Southern National Bank, Atlanta.

Southern: Louise G. McFadden, assistant cashier, Deposit Guaranty Bank & Trust Co., Jackson, Miss.

Southwestern: Margaret Clark, vice-president, Texas State Bank of Austin.

Western: Barbara J. Maxwell, assistant cashier, First National Trust and Savings Bank, San Diego.

A Warm Selling Manner . . .

"Some segments of business today are experiencing serious adjustments, while some parts of the economy continue a slight increase," said Marion Anderton in her inaugural address at the closing Aloha breakfast.

"As bankers," she said, "it is our responsibility during these times, to sell banks and the many new and convenient banking services to the public. Often we take for granted the security and services banks have for people in all income levels.

"With the increase in the competition for the savings dollar—and during August more dollars were deposited in savings accounts than in previous months—we must put forth double effort to emphasize the importance of banks. Unless we, individually, go out and tell the public our story, and do it in a sincere and warm selling manner, we will not be fulfilling our responsibility to our banks and to our country."

ENTERTAINMENT for the NABW delegates included receptions by the Huntington-Sheraton Hotel, the American Express Company, and the Los Angeles Clearing House Association. More than a hundred bank women took the post-convention tour to Hawaii, arranged by the general convention committee.

The 1961 NABW convention will be held in Rochester, N. Y., on October 9-12 and the 1962 convention will be held in St. Louis, Mo., on October 28-November 1.



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News for Country Bankers

(CONTINUED FROM PAGE 91)

ported a 1½% increase in delinquencies of non-real-estate loans.

Farmers' Interest Rates Go Up

Interest rates being paid by farmers have eased upwards during the past year. Rates paid on farm real estate loans are up slightly more than on non-real-estate loans. Farmers and ranchers in the Southern Plains and Delta States are paying slightly higher rates than those in other parts of the country. Higher rates paid by farmers became necessary in view of the greater demand for credit of all types.

For the first time in several years, bankers have indicated a decrease in deposits of their farm customers. The decline was found in six of the nine agricultural areas and resulted in a 1½% decrease for the country. The Mountain States and Corn Belt, where the effects of the cost-price squeeze have been most noticeable, experienced the sharpest decline.

As an industry, agriculture is in a very strong position financially. Despite a slight increase in farm debt during the past 12 months, the value of the proprietor's equities is estimated to be 88% of total farm assets. Banks are reflecting their confidence in agriculture by now holding ap-

proximately 72% of all non-real-estate farm loans extended by the major agricultural lending agencies.

Farm Income — Food Production — Marketing

THE United States Department of Agriculture reports:

The farmer's share of our food dollar in 1959 was 38 cents. It was 40 cents in 1940, and 53 cents in the war year 1945.

As a general rule, the farmer's share of the food dollar declines as the amount of food processing increases.

One hour of farm labor produces four times as much food and other crops as it did in 1919-21. Crop production is 56% higher per acre. Output per breeding animal is 81% greater.

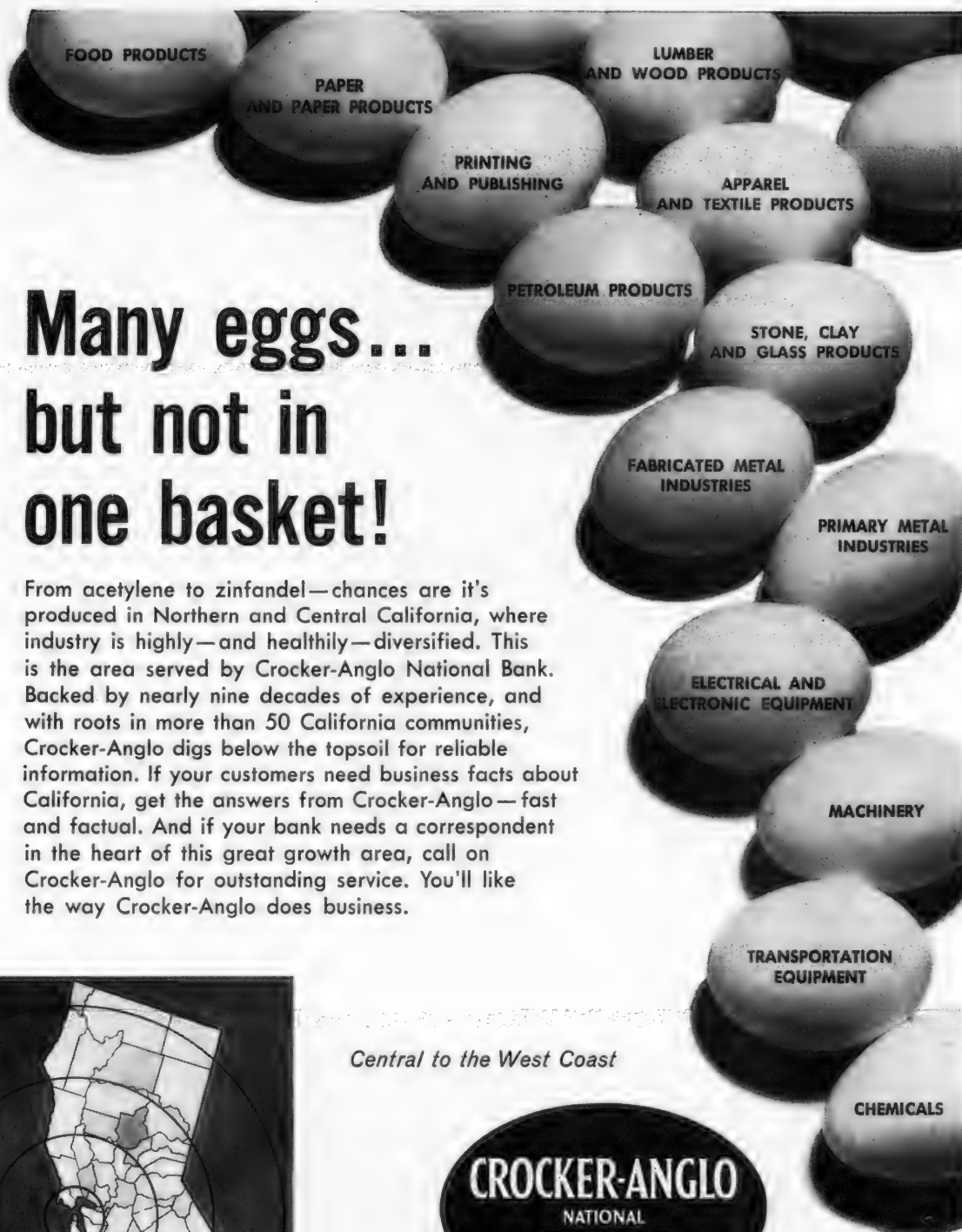
Productivity of the American farm worker is now growing more than twice as fast as the productivity of workers in industry. Since 1950, output per man-hour in nonagricultural industry has risen 2% a year. In agriculture the increase has averaged 5% per year.

The number of workers marketing food is 12% greater than in 1947-49. Their hourly earnings are up 76%, while the labor cost per pound and per can, or other unit, has risen only 34%.

"The Challenge of the Sixties in Agricultural Science, Management, and Credit" was the theme of the annual meeting of the Association of Bank Agricultural Representatives in Blowing Rock, N. C.

The retiring president and incoming officers are shown, left to right around table: R. H. Bradford, assistant cashier and manager, Farm Service Department, The Farmers Bank of Nansemond, Suffolk, Va., immediate past president; M. Edmund Aycock, assistant vice-president and manager, Agricultural Department, Wachovia Bank and Trust Company, Raleigh, N. C., vice-president; William M. Dickson, assistant cashier and farm representative, First National Bank, Ronceverte, W. Va., president; and Willis T. Hancock, agricultural representative, County Trust Company of Maryland, Salisbury, secretary-treasurer.





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Cost Cutters

(CONTINUED FROM PAGE 62)

bank's operations by taking a calculated risk. The NABAC Research Institute has observed that withdrawals requiring signature and balance reference may take four times as long to process as those not requiring reference. The alert auditor will act on this information by reporting on the bank's past experience with losses resulting from a no-reference policy and by suggesting that higher limits be established above which reference is required. The auditor will check closely and report the results of any such policy change.

Audit Schedules. Auditors know the need for preventing detectable

patterns from creeping into audit schedules. Suggestion: select samples from tables of random numbers. Another possibility is numbered tags representing tellers windows or book controls, one or more being selected at random.

Consumer Credit Controls. The First National Bank of Rockford, Ill., desiring to improve controls over consumer credit payments, redesigned its perforated coupon book so that the entire coupon with stub is removed from the book when the payment is made. The payments are validated on NCR commercial teller machines which provide for dollar control over receipts issued. The inside back cover of the book has a pocket in which the borrower keeps his validated receipts.

The "Project Manager" Method of Electronic Development

BANKERS TRUST COMPANY, New York, a veteran at mechanization, is successfully using the "project manager" method of developing automation projects. Auditor Morris Engelman talked about it at the convention, and also offered some principles that have proved themselves at this bank. Bankers has on order data processing equipment (IBM's 7070 and 1400 series, and a reader-paper sorter) which will be in use before the end of 1961 in the check handling operation. Mr. Engelman reviewed some of the controls.

After a general feasibility study of a particular application for electronic processing has been completed and evaluated, Bankers organizes a project team. If you are supporting a full-time computer, you should not run a broad electronic development program in series. You can't wait three or four years to complete one project, then start another. Operating demands and the economics of supporting a computer will create pressures resulting in disastrous crash programs. However, simultaneous development creates manpower and organization problems.

Aware of this, Bankers, reviewing

the principles that had made its punched card development program (started more than 25 years ago) successful, decided:

(1) You shouldn't divorce systems decisions and operating accountability.

(2) There should be a continuity of systems responsibility from design through installation.

(3) While the specialist is very important, it's easier to teach bank people specializations than to teach specialists the banking business.

(4) Staff departments should be brought in from the beginning to contribute know-how and help evaluate the new system in their respective roles.

These principles seemed equally valid in electronic development, so the next step was the "project manager" approach. This individual becomes the coordinator of the project. One or more key operating personnel are appointed to serve with him as the designing team.

Concurrently, a decision-making group is appointed to which the designers report. This comprises operating and administrative officers of the divisions that will be affected by

(CONTINUED ON PAGE 132)

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Financial institutions that promote Christmas Club properly will keep their present members and bring to their doors new pupils who need this basic training in economics.

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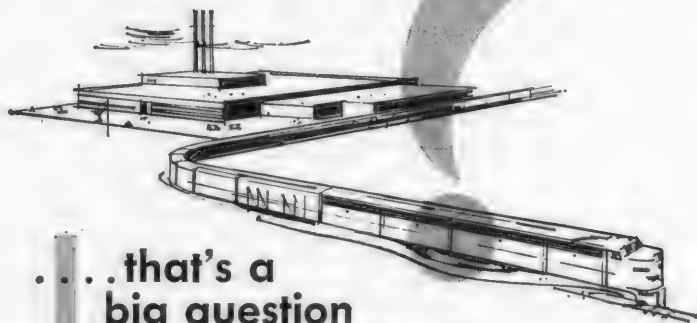
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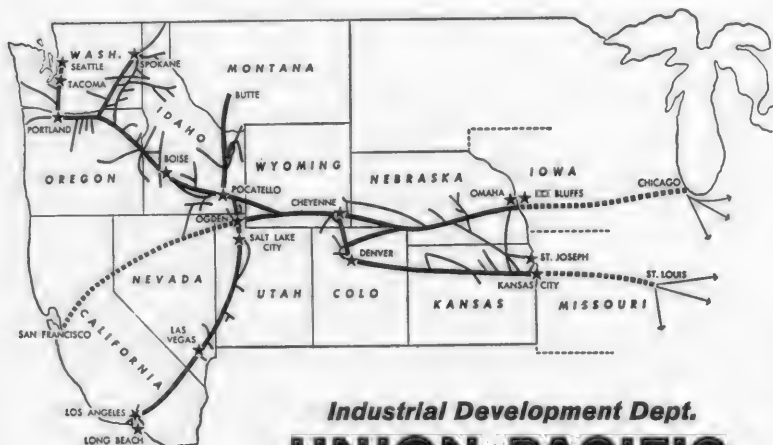
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Railroad
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(CONTINUED FROM PAGE 130)

the project, auditing representatives, methods research, and other department personnel. The internal auditor takes part as early as possible; it is essential that he be a member of the electronics systems team.

The bank felt that if the auditor was continuously exposed to the system during its development and testing he should have ample opportunity to compile an adequate audit program. Also, he should have a working knowledge of programming; accordingly, Bankers has sent key audit personnel to program schools and other members of the audit staff selected courses along with digital computers.

Auditing Under EDP

In general, auditing under electronic data processing is different from checking a manual or mechanized operation in the approach to and understanding of the new methods. Source material isn't a problem if it's properly controlled and if controls are established independent of the EDP department which should function as a processor rather than an originator of transactions.

The control built into a separately operated EDP department is not available when the same computer is used for posting historical and control tapes as well as recording input and output. Banks must depend on correct systems design which should establish time cycles for posting records and input and output. At the close of any time cycle it must be possible to make an audit.

Output should not create a problem if the results are printed in hard copy in the form of daily transaction listings, journals, or microfilm, thus providing an audit trail.

"Corrective" Steps for Supervisory Training

SUGGESTIONS for a new approach to supervisory training "which should get us all back on the track" of good selection were offered to the NABAC convention by Frederick Lynch, Jr., senior vice-president of Central National Bank of Cleveland.

Mr. Lynch saw indications that "a
(CONTINUED ON PAGE 134)

One banker writes to another...

about our **Group Life Insurance Plan for Correspondents**

Dear Mr. [REDACTED]

Confirming our telephone conversation, I think you ought to get Mr. [REDACTED] to take a good look at the Manufacturers Trust Company Group Life Insurance Plan.

It is so economical that should he already have some other plan at [REDACTED] Bank, he might well consider dropping it and putting this in its place.

The plan is pure term insurance run on an annual cost-experience basis with a very minimum, fully disclosed, charge made by Manufacturers Trust for handling. Although the cost varies from year to year, depending upon experience, there are by now enough participants, consequently enough spread of risk, to make high costs for any one year very unlikely. I believe the highest cost for any one year since the inception of the plan has been lower than any other insurance available.

The plan is very simple and can easily be understood from the enclosed thermofax copy of the Manufacturers Trust report for 1959.

As I told you, this is no ordinary insurance selling plan. It is just plain common-sense operation for any bank to provide this at its own cost for all employees. The cost of carrying a balance at Manufacturers Trust is of course an item that must be considered, as it is available only to their correspondents. However, my experience has been that the balance I carry there has more than paid for itself out of other services rendered us by that bank.

Yours truly,

[REDACTED]
Chairman of the Board

The above letter speaks for itself. For obvious reasons, the names of the banks and principals involved are eliminated. To get the facts about this Group Life Insurance Plan, write or phone Mr. Joseph C. McNally.

MANUFACTURERS TRUST COMPANY

HEAD OFFICE: 44 Wall Street, New York 15, N. Y.

HAnover 2-7200

Member Federal Deposit Insurance Corporation

(CONTINUED FROM PAGE 132)
whole new concept" of supervisory development was opening up; that personnel people were abandoning the "mere gimmickery of training fads"; that "we are beginning, as we should be, to break away from the care and feeding of potential supervisors"; that "we are learning we can't make supervisors overnight by artificially and superficially priming the mental pumps of the young men in banking, of whom and for whom we expect so much."

Mr. Lynch's "positive action" corrective measures embrace four points:

"First, the acceptance at long last

of the clear-cut distinction between training and development and further understanding of the areas in which each is applicable; second, an immediate return to the concept of self-development; third, an acceptance that the building of supervisors must be based in the *results* a supervisor contributes toward rather than mere traits he is supposed to possess; fourth, enough time, even in the face of urgency, to let young men develop all in good season in an atmosphere of management, patience, and trust."

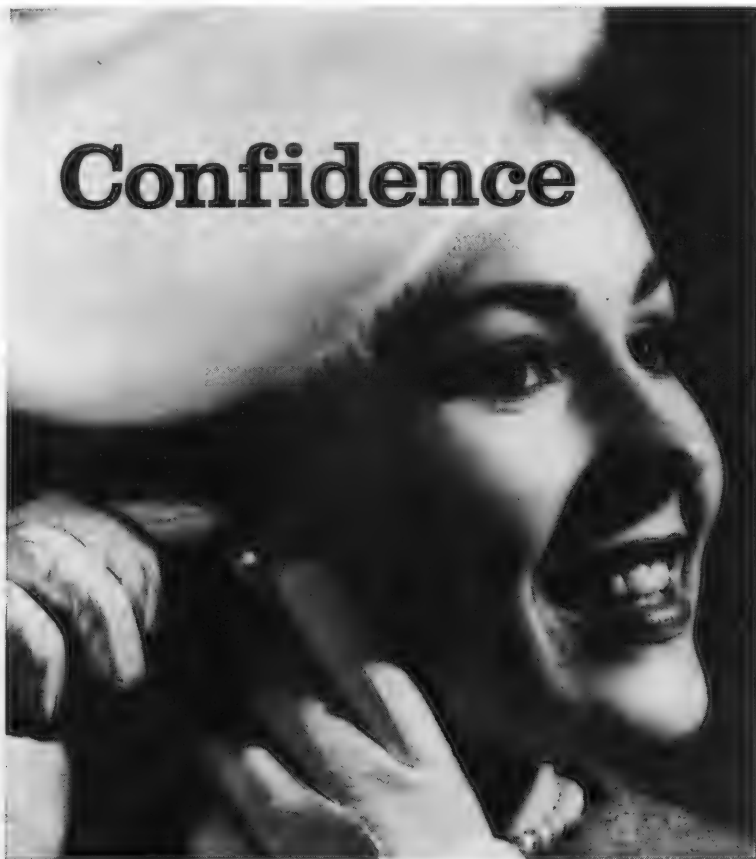
The Cleveland banker cited criticisms by top bank personnel people of current methods of training—statements which, he said, "constitute a

serious and scathing indictment of all of us in personnel concerned with the growing problem of providing our managements the quantity and quality of supervisors required in an era of growth and expansion.

"I submit," he added, "that in this vital area we have, by and large, failed. In our common anxiety to do the next to the impossible we have divorced ourselves from the hard work of problem appraisal and subsequent adherence to sound principles of education in building solutions . . .

"Our job is to screen and select more carefully, more thoroughly, to bring into our banks more of those men who bear the 'traits in the rough' we seek in management men, and who themselves show conclusively that they want to bear a reasonable share of management responsibility."

Confidence



... an important social and business asset. And the confidence of a successful business is often dependent on its credit rating. City National receives over 40,000 credit inquiries each year . . . over 150 a day! Each inquiry is answered promptly from the more than 5,000 active credit files maintained by City National. Our information is kept current through credit association membership, direct wire contacts, and the help of our more than 1,000 correspondent banks. We'll gladly "pull a file" to give you a speedy answer any time you need it.

Your Kansas City Account is Cordially Invited . . .

CITY NATIONAL BANK
and Trust Company of Kansas City, Missouri

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Established 1913 • Member Federal Deposit Insurance Corporation



Management Audit

DR. F. BYERS MILLER, executive director of NABAC, gave the convention five warning signs that might indicate weakness on the question of management succession. Here they are:

(1) If the top manager makes all the decisions and the department heads are only assistants, you may be heading for trouble. (2) It's a definite sign of weakness if too many people are reporting to the top executive. (3) A management group that has grown old together may well be an indication of weakness. (4) It's a sign of weakness if top management refuses to use any outside help. (5) Another sign is a situation in which there's a stockpile of unsolved problems where present leadership sidesteps the tough decisions.

To help solve the succession problem Dr. Miller suggested:

(1) Face the situation squarely. (2) Prepare a management chart showing normal lines of progression and the desired characteristics of the individual in each spot—a management audit. (3) Provide a careful program of job rotation to provide a broad knowledge of the business. (4) Develop decision-making ability in others; insist that when a subordinate brings a problem he also offer his solution. (5) Set up a program calling for each prospective management person to develop business contacts beyond banking. (6) Analyze each management candidate to determine areas in which he needs improvement. (7) Don't look for your own image in your successor.

BRANDT *machines*

Brandt, the leader for over 70 years, serves your complete coin handling needs with these fine products.



MODEL 502 BRANDT ELECTRIC AUTOMATIC CASHIER — Abbreviated Keyboard Type. Consists of two units, a coin dispenser and a separate, small, simplified keyboard. The keyboard unit may be placed apart from the coin dispenser anywhere in the teller's work area. Lighter key pressure required than with manually operated machines. Coins are delivered directly to customers by means of a delivery chute.

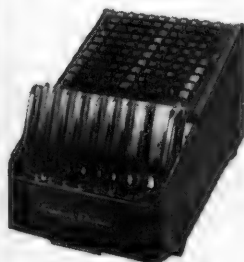


MODEL 500 BRANDT ELECTRIC AUTOMATIC CASHIER — Full Keyboard Type. Consists of two units, the same coin dispenser as the Model 502 and a separate keyboard having a full range of keys, thus requiring the depression of only a single key to make a coin payment ranging from 1¢ to 99¢, inclusive. Keyboard may be placed anywhere, to suit the convenience of the operator.



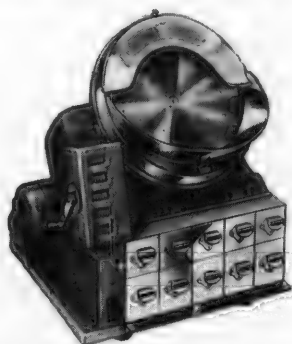
MODEL 450 BRANDT ELECTRIC AUTOMATIC CASHIER — Single Unit, Delivery Chute Type. Coin dispenser and keyboard combined into a single unit. Only one key is depressed to pay any amount from 1¢ to 99¢, inclusive. Coins are delivered direct to customer by means of a delivery chute.

MODEL 250 BRANDT AUTOMATIC CASHIER. Similar to the Model 450 except that it is operated manually instead of electrically.

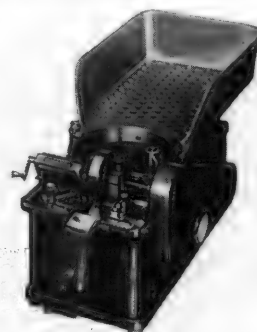


MODEL 350 BRANDT ELECTRIC AUTOMATIC CASHIER — Trap Door Type. The teller depresses a single key to make payment of amounts from 1¢ to 99¢, inclusive. Coins fall into a hopper at front of machine. A slight backward pressure on the trap door at the base of the hopper allows the coins to fall into the teller's hand; coins are passed to the customer by the teller.

MODEL 150 BRANDT AUTOMATIC CASHIER. Similar to the Model 350 except that it is operated manually instead of electrically.



MODEL SL BRANDT COIN SORTER AND COUNTER — Motor Driven. Sorts and counts mixed coins, pennies to half dollars, inclusive. Features "quick take-apart" construction permitting quick, easy access to many of the working parts. Auxiliary items such as stand, bagging attachments, built-on inspection pan and others for use with this machine can be furnished if they are desired.



MODEL CHM BRANDT COIN COUNTER AND PACKAGER — Motor Driven. Handles all coins from pennies to silver dollars, inclusive. Mechanical improvements make for speedier packaging or bagging of coins with less effort. A number of auxiliary items including stand, crimper and others are available for use with this equipment. Hand operated machine is also available.

Brandt also manufactures a variety of coin storage trays as well as a complete line of coin wrappers and bill straps.

BRANDT AUTOMATIC CASHIER COMPANY • WATERTOWN, WIS.

Established 1890

Financing and Factoring

(CONTINUED FROM PAGE 72)

and factors is sent to them by banks, and, in return, banks grant credit lines to customers that owe their growth and large bank balances to finance companies. Walter Heller once said: "I like to take our ex-cipients to the bank by the hand. They are our best salesmen and can demonstrate to others what we have accomplished."

Recently, the Commercial Credit

Corporation ran an advertisement in a national daily newspaper for bankers. It read in part, "Many of the thousands of manufacturers and wholesalers who have been users of our service have come to us at the suggestion of their bank. Whenever you have a customer whose needs exceed the line of credit you wish to extend, you can be assured that he will be handled promptly and efficiently when you refer him to us. Use of our commercial financing plan need not interfere with your service to commercial borrowers. On the contrary, experience has shown that

it functions as a perfect complement to commercial bank loans."

Three banks in this country, however, have not only complemented commercial financing and factoring, but have gone into the business for themselves. BANKING asked each of them—The First National Bank of Boston, Bank of America, and the Trust Company of Georgia—why they had entered the field and if the venture had been successful.

Eugene E. Hustung, assistant vice-president of the First National Bank of Boston, stated: "We have felt that, since our bank is in the 'mill country' and does a large business with the textile industry, factoring is a valuable and necessary service for us . . . Our first year's overhead for the office was \$85,000 and with the growth in our business is much higher now." He adds that "We have a number of participations with correspondent banks by factoring concerns that were originally their customers. This, in effect, makes available to them also the extensive facilities we now have both in New York and Boston for checking the credit of underlying accounts, collecting them, and administering the factoring business." This bank is now the fourth largest factor in the nation.

Speaking for the Trust Company of Georgia, which "is in the heart of the southern textile industry," Mr. Deaver said: "In 1939 financial services of this kind were not available outside of New York and Chicago, and so, in that year, the Trust Company established its own factoring department. The purpose was to provide a service for southern industry not available within our own territory." He adds that "Our factoring department has been a success from the start."

The Bank of America states that since it is a large bank extending as many services as possible to its depositors, consumers, business, and industry, it felt it only natural to provide a factoring service for manufacturers, wholesalers, and distributors.

Looking Ahead

Looking toward the future, commercial finance companies and factors see relative security. This type of financing has grown as the need has grown in the American economy, and there is little likelihood of this need diminishing. As one finance man understated it, business will continue to need capital.



watch for these nine danger signals:

- ① Payment terms fail for no valid reason.
- ② Denial of responsibility.
- ③ Customer "skips" town.
- ④ Repeated unreasonable complaints.
- ⑤ Unauthorized transfer or disposal of goods delivered on a conditional sales contract.
- ⑥ Obvious case of financial irresponsibility.
- ⑦ History of repeated delinquencies with frequent change of address or of occupation.
- ⑧ Delinquency co-exists with serious marital difficulties.
- ⑨ Delinquent debtor doesn't answer mail or phone.

All of these signals are described in detail in "The Creditors Collection Guide", published by the American Collectors Association. For your free copy of this handy 24-page guide, call your local ACA office listed under "Collection Agencies" in the Yellow Pages, or write to the address below.



**AMERICAN
COLLECTORS ASSOCIATION, inc.**

5011 Ewing Ave. S., Minneapolis 10, Minn.

An International Association of Collection Specialists





How men and money find their reward *when they seek to work in MODERN CANADA*

Second largest country on the globe in area, Canada has become the world's sixth largest industrial nation, and ranks fourth in international trade. It is also one of the most diversified, in its manufacturing activities and in its vast resources of farm, forest, mine and fishery. United States businessmen have contributed to and are participating in Canada's rapid development.

United States bankers are invited, on their own account, or on behalf of their customers, to make use of the complete banking and

information facilities of The Canadian Bank of Commerce. Over 850 branches from the Atlantic to the Pacific and North to the Arctic serve all Canada. We will be pleased to answer your inquiries with regard to any industry, company, trading area or manufacturing district in Canada.

Address your inquiries to our
Business Development Division,
Head Office, Toronto 1, Canada

We do not advise on the merits of speculative securities.

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Resident Representatives in Chicago, Illinois and Dallas, Texas • European Representative, Zurich, Switzerland



Blueprint for a Branch Opening

BANKING rather frequently receives requests for information on the planning incident to a branch opening. Here's a detailed account of how the National Bank and Trust Company of Charlottesville, Va., prepared for an office near a shopping center. Suggestion: if you're figuring on starting an office, clip Mr. Phillips' account for future reference. He's assistant cashier and manager of the new Ivy Road branch whose blueprinting he carefully describes.

FREDERIC H. PHILLIPS

CHARLOTTESVILLE, Va., is a predominantly residential community of 30,000 people, which relies on the University of Virginia and University Hospital as its main sources of income. The city is gradually spreading out and in recent years has established three shopping centers in the western section. The three commercial banks have eight offices within the city limits.

We are the middle-sized bank with assets of \$34,000,000. In order to keep pace with the western growth, increased competition, and idea of neighborhood banking, we felt it wise to build a new office at the western limits of the city. Land was purchased two years in advance, convenient to a wide residential area. Directly across the highway is a shopping center.

An Early Start

Initial planning for the branch opening was started eight months prior to the estimated opening date. The architect's plans were approved only after critical alterations had been made by bank personnel. Even with this combined effort, minor mistakes are invariably made.

A committee of three officers was selected (one member being the proposed branch manager) to determine the promotion, staffing, and equipment necessary to prepare the new branch for business. All major decisions and ideas were cleared through this committee at regular meetings.

Initially, we laid out our promotional plans and took advantage of every available advertising medium. First, we accumulated names and addresses of businesses and people living or working in the general area of the new branch. These names were

taken from the city directory and other sources and transferred to 3 x 5 cards, which were then passed to the different departments in the home office to determine the banking relationship, if any, of each individual. The cards were grouped according to street name or employment.

The Personal Touch . . .

The officer committee then called on each individual or business. Approximately 800 to 1,000 cards were processed. The visits were made directly at the home rather than place of employment. The procedure was to call between 3 and 5:30 P. M., introduce ourselves, state the purpose of the visit, and ask the person to use the new branch when it opened. An interesting brochure telling of the services available, an architect's sketch of the building, and traffic flow diagram, proved to be a good door opener. When finding no one home, we left a brochure and attached a personal card. The results of the calls were recorded on the reverse side of the cards and notations made as to the individual's potential.

. . . and How It Helped

All in all the visits made a very favorable impression. We knocked on nearly 500 doors and 25% of the householders stated they would do some business at the new branch.

Every opportunity for advertising was utilized. An architect's sketch of the branch was mounted in the main office lobby as soon as construction had begun. A handsome sign was erected on the building site. Anyone coming in the main office who was known to live or work in the general area of the new branch was told of the new office and given a brochure.

Much history was made in and around Charlottesville. We searched the new property deed and found that the land was once part of President James Monroe's "Western Farm." On Monroe's birthday we ran a newspaper ad connecting the new branch with him. Many favorable comments were received.

One of the first duties of the committee was to acquire as much information about new branches as possible. We utilized several Graduate School theses from the American Bankers Association library, articles from national banking magazines, visits to correspondents' branch offices, countless letters to bankers experienced in new branch openings, correspondence with public relations people, and talks with experienced advertising people. It is impossible to evaluate the assistance these sources provided. Undoubtedly their efforts and advice saved our committee countless hours of work.

An Assist from A.B.A.

An A. B. A. thesis provided a basic list of supplies and equipment needed at the new branch. Gradually this list was added to by inspecting each bank department's own particular needs. The list was then relayed to several branch offices for any additions. Upon completion, we ended with an itemized list of everything from teller's machines to soap. As each item was ordered or purchased, a check list was retained noting the fact. We bought everything except stock items at least two months prior to opening date. Most bank supply companies request six weeks for delivery on items specially made, but

(CONTINUED ON PAGE 140)

The new XeroX 914 Office Copier does not require expensive sensitized paper, or intermediate film negative, or liquid chemicals. It copies directly onto standard office paper (plain or colored), your own letterhead, or card stock. Up to 6 copies per minute!

There are no adjustments to make and no exposure settings with the XeroX 914 Copier. Material waste—the biggest cost item in conventional

copying—is eliminated. Each copy is an *exact* copy of the original—saves a stenographer's time in proofreading as well as copying.

Copies everything—never misses a color! A letter, invoice, statement, contract—anything written, typed, printed, stamped or drawn can be copied on the new XeroX 914 . . . even pages in a thick bound book. Copies all colors, even reds and blues, with sharp black-on-white fidelity.

Easiest of all office copiers to operate for multiple copies or just one. Simply push the "Print" button and copies flow! Anyone can make perfect copies every time on the XeroX 914 Copier.

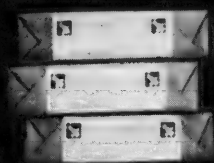
About 1¢ per copy for supplies. If you now spend \$50 or more per month for copying supplies you can't afford to be without the new XeroX 914 Copier. Supplies cost about 1¢ per copy; the machine is available without capital investment on a

unique pay-as-you-use plan starting at \$95 a month.

For complete information about this remarkably fast and inexpensive method of copying, write HALOID XEROX INC., 9X-83 Haloid St., Rochester 3, New York. Branch offices in principal U. S. and Canadian cities. Overseas: Rank-Xerox Ltd., London.

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Cleveland's excellent transportation facilities, plus National City's speedy Night Transit Service save a day or more in check presentation. Float is reduced, availability increased, return items are expedited.

If you're not already a National City Bank correspondent, write for full particulars.

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Member Federal Deposit Insurance Corp.

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BANKING SERVICE

by

LIVINGSTON-KOSTER

DETROIT 1, MICHIGAN

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New Ideas

on cover designs for passbooks or check cases?

Our Art Department will gladly submit special designs on request, without any obligation.

WILLIAM EXLINE INC.

1270 Ontario Street • Cleveland 13, Ohio

(CONTINUED FROM PAGE 138)

the summer vacations may cause an even longer delay.

Having available safe deposit boxes for customers at the new branch, we feel, is a great opportunity to sell additional services. Most individuals already established in the community are obligated to their own bank and are in no position to change all their business to us. They might open a convenience account but, as a rule, changing a customer completely over is a long, continuous selling process. Nowadays customers may make deposits, note payments, and almost every other bank transaction by mail, but they have to enter the bank itself to gain access to their safe deposit box.

In our door-to-door canvassing, we told the people that boxes would be available and 31 individuals indicated that they wanted to reserve a box. Three weeks after the branch opening, 21 boxes were rented—eight to people who had reserved them.

Opening Day Publicity

On opening day individual letters were sent to each prospect called on in the door-to-door canvass. The body of these letters was typed as the calls were made and each was signed by the new branch manager. In essence, the letter was a personal invitation to do business at the new branch. This personal touch proved very successful and we feel that the effort created a number of new accounts initially.

Our bank normally mails out checking account statements in bulk bi-monthly on the 26th and the 1st. We enclosed in these statements a brochure announcing the opening. In this manner, 3,500 individuals received word of the opening at no additional cost for mailing.

We were able to determine the actual opening date approximately two weeks in advance and, although workers were finishing last minute items up to the scheduled opening day, the bank was ready for operation.

Invitations were mailed to businesses in the locality, to stockholders, and to correspondent banks. We ran a full page color advertisement in the newspaper and had radio spots inviting the general public to attend, but we felt that to send personal in-

vitations to everyone on our canvassing list would have invited criticism in that a potential customer could well have been overlooked.

An open house was held on a Thursday, from 5 to 8 P. M., the day before opening for business. Planning for this occasion was difficult in that there was no yardstick to determine the number of people who would attend. The refreshments were very simple. Identification badges were provided for directors, officers, and hostesses. The hostesses were selected according to personality and attractiveness. Each was provided with corsages and given a complete outline and tour of the new building as well as a briefing on her duties as hostess.

Yearly rental charges were pasted on safe deposit boxes. A photographer took pictures of the crowd. We provided gifts for all comers—lollypops and colored pencils for children, automatic pencils for the men, and potted ivy plants for the women. The plants were particularly pleasing gifts and complimented the branch's new name—Ivy Road Branch. Every visitor was asked to register for a door prize, a \$100 savings account. In this manner we acquired an up-to-date mailing list. The open house was a larger success than anticipated—an estimated 500 people toured the new facility.

Keeping It Informal

No formal ceremony was held on the first business day. The first customer to our drive-up window was staged for publicity purposes. In the immediate neighborhood lives a 5-year-old boy who owns a miniature electric automobile. He and a little girl proudly drove up to our drive-up window and became the first customers. Newspapers covered the story.

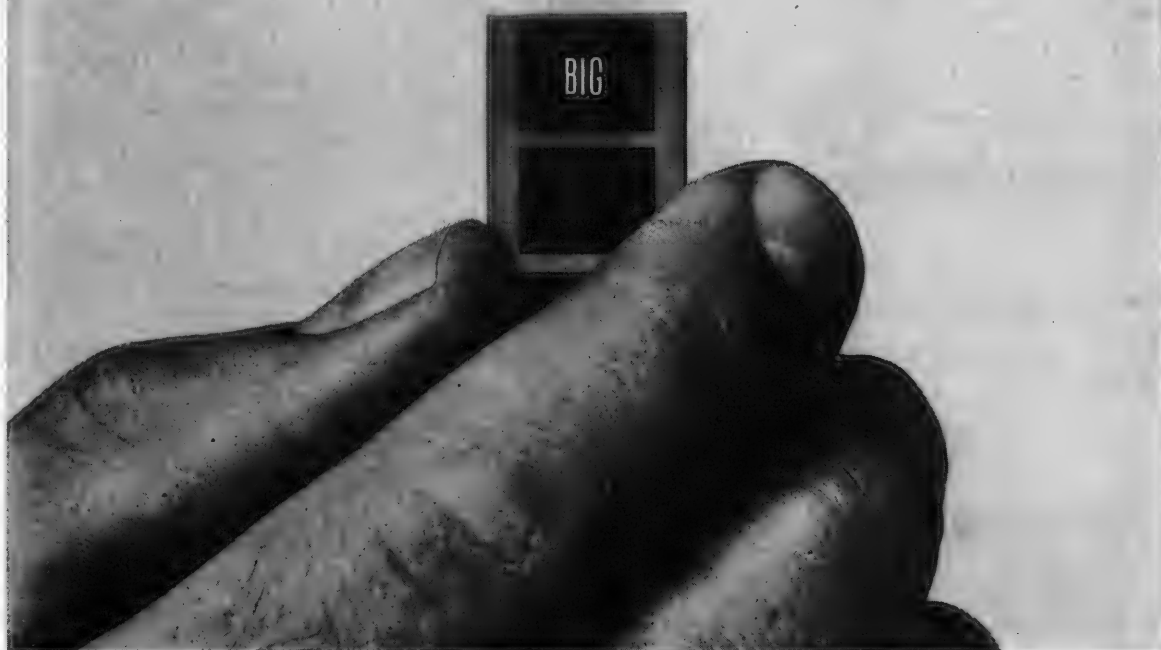
After one month of operation, the business generated at the new branch averaged two new accounts per day, 40 customers and 50 transactions at our drive-up window, 35 customers and 45 transactions at the inside teller's station, \$62,525 in savings deposits and \$11,668 in new checking accounts. No matter how much advertising is utilized, it cannot educate the public overnight. There are people who pass the new branch daily who don't realize that it is open for business. Time and effort will develop a successful branch.

Banking record problems too

BIG

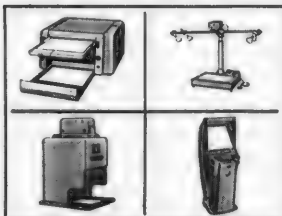
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Remington Rand Microfilm cameras and equipment give fast, efficient solution to record storage, protection and copying!

Prove to yourself how Remington Rand microfilming can solve space, storage and copying problems as well as help you devise new office techniques and systems. Even more important, Remington Rand microfilm experts are always available to you to *diagnose* record problems—help you train personnel in modern microfilm techniques.



Learn all the advantages of Remington Rand Cameras—the best of the portables and stationaries—and all the supplementary equipment and services that go with them . . . see what they can do for your particular business operation. Get all the information on the complete microfilm line—Remington Rand! Use attached card now. No obligation, of course.

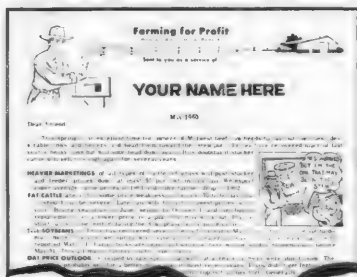
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Bank Service Report

Doane wants to send you a FREE copy of the latest "Farming For Profit" Report. Read it — discuss it with your associates — show it to a few key customers, and we are sure that you will recognize it as a valuable addition to your bank's educational and public relations program. "Farming For Profit" is a concise, accurate monthly outlook that covers all sides of farming — crops, livestock, machinery, buildings, taxes, leases, soils, fertilizers, ag chemicals. "Farming For Profit" will provide your customers a forecast of market trends, plus sound advice on production and farm management problems.

Your name on every report...



Your bank name, illustration, and message are printed prominently at the top of each report. Doane can handle all the details of addressing and mailing the reports to your customers. Doane offers this service report to *only* one client in a particular trade territory.



R. J. SOLOMON
Farm Department Manager
Citizens National Bank
Macomb, Illinois

R. J. SOLOMON, farm department manager, Citizens National Bank, Macomb, Illinois: "We have been a customer of your organization for many years. We have always felt that 'Farming For Profit' Reports are invaluable to us as a goodwill builder and for the sound thinking that we are able to adapt into our farm management and the advancing of credit to farmers."

Write for FREE sample

Clip this ad... staple it to your letterhead and jot down the number of farm customers your bank serves. We will send you a sample copy of the latest "Farming For Profit" Report, along with quantity prices. DOANE AGRICULTURAL SERVICE, INC., Dept. F-85, 5142 Delmar, St. Louis 8, Mo.

Washington

(CONTINUED FROM PAGE 42)

mittee for Economic Development. These were presented in panel papers last year to the House Ways and Means Committee.

Dr. Holland was Senator Proxmire's authority for the statement that 15% of dividends and 57% of interest paid out are not reported. It was from a phrase in Dr. Pechman's study that Senator Proxmire called dividend withholding "the 16-cent amendment." To illustrate he said: "A.T.&T., with hundreds of thousands of stockholders, would have to pay only 16 cents per year to comply with the law. All they have to do is to put a stamp four times a year on the letter and mail the check to the Federal Government." Some of Dr. Pechman's friends on The Hill believe he was carried away by the neatness of the illustration itself.

"Upper Brackets"

Senator Douglas made much of the point that "the major portion of interest income goes to those persons in the upper income brackets... not to the impoverished widows and orphans, but those who have relatively large incomes." He also did a little

politicking, charging the Administration with talking about fiscal responsibility while refusing to move for mandatory withholding.

Senator Wallace F. Bennett (R., Utah) challenged Senator Proxmire's figures. He said: "It is the estimate of the Treasury that a withholding tax on dividends would yield about \$83-million and that a withholding tax on interest would yield about \$285-million. That is a long way short of \$1-billion."

This led to a protest from Senator Proxmire who said he had been able to get only a low estimate on dividends and none on interest from Treasury. "If the Treasury is going to come in at the 59th second of the 59th minute of the 11th hour, so to speak, and make this kind of assertion, it is very, very shocking."

In an analysis of Senator Proxmire's 20% withholding rate, Senator Bennett declared it would result in over-withholding. "If we apply a 20% withholding rate," he said, "already we over-withhold 2% which is 10% of the 20% because the ordinary taxpayer has the privilege of a 10% charitable deduction. So we are going to withhold 2% more than he owes the taxes on."

The Commissioner of Internal

(CONTINUED ON PAGE 146)

"No Bank Can Afford Less"

JESSE P. WOLCOTT, chairman of the Federal Deposit Insurance Corporation, reminds bankers that some of them still feel that "an annual examination by one of the supervisory authorities can somehow serve as an effective audit and means of control." This, he added in his address to NABAC's convention at Los Angeles, "is a delusion that all supervisory agencies have sought to dispel." Most bank failures in recent years, he recalled, were "primarily caused by defalcation and embezzlement," and reflected in great measure "a lack of internal protections and inadequacy of audit and control."

"Suffice it to say," said Mr. Wolcott, "that even the smallest bank can, and should, carry out a sensible program of internal checks and controls by: (1) rotation of employees to the greatest possible extent; (2) separation of duties; (3) mandatory full and uninterrupted vacations away from the bank; (4) clearance of counter or window difficulties daily; (5) provision of individual facilities for each teller's cash. "This is a minimum program. No bank can afford less. But I am sure there exist a few banks which have not implemented even this minimum program."

The rapid change in bank operations and service, Mr. Wolcott asserted, is a challenge to bankers' ingenuity and imagination. Banking "has come into its own," and its high rating in public approval "wasn't acquired with Madison Avenue techniques, but rather through effective and continuous service to the public." Bankers must not allow "the slightest degree of neglect, of unsound and unsafe practice, of incompetence," to enter their business.



Early in November we're opening our representative office on the historic Place Vendome — Number 21 — enabling us better to assist our customers and correspondents in their activities on the Continent of Europe, and especially in the Common Market.

Head Office: 67 Milk Street, Boston, Mass. In New York: Represented by The First Bank of Boston (International), 2 Wall Street. Overseas Branches in Argentina and Brazil. In London: our Representative Office has moved to larger quarters at 27-32 Old Jewry, London, E.C. 2. Paris: Cable Firstnat; Boston: Cable Massnat — Telex BS 1

There are times when bankers cannot make available to a client the full amount of money desired.

In many such cases Commercial Factors can assist the banker in rounding out a sound financial program. Whether on a short-range or long-range basis, on a participation arrangement or otherwise, we offer a wide range of credit and financial services. These include—

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Our relationship with leading bankers has always been one of mutual profitability. We welcome inquiries regarding our services, and will be pleased to send a copy of our current statement. Call or write directly to Mr. Walter M. Kelly, President.

Commercial Factors Corporation

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Established 1828

INSTALLMENT FINANCE CHARTS

"The House of Charts"

AMERICAN CHARTS COMPANY ATLANTA FIVE

(CONTINUED FROM PAGE 144)

Revenue in testimony before a House Appropriations Subcommittee urged Congress to wait until the results of the educational program are in before enacting such "drastic legislation" as Senator Proxmire proposed. He mentioned the burden that it would place on savings banks and the problems of withholding on school savings deposits, and he summed up his opinion by adding, "Such legislation would impose a penalty on the innocent in order to catch the guilty."

Although Congress focused its attention largely on dividends, which are politically vulnerable, the problems of withholding on interest pose even greater burdens on banks. For this reason it is incumbent upon banks to do their part to make the education program this year a success. It is the best possible defense against a mandatory measure.

Treasury looks to the development of the Automatic Data Processing Program as ultimately offering "a reasonable alternative" to dividend and interest withholding. It will be more practical at least.

ADP, as it is referred to, anticipates the development of a permanent taxpayer account numbering system, primarily based on social security numbers. Mr. Lindsay told the Tax Institute Symposium that the system would be helpful even without automatic data processing as it would "clearly facilitate matching of returns."

Secretary Anderson on the Economic Outlook

Secretary of the Treasury Robert B. Anderson took the occasion of an address to the International Bank for Reconstruction and Development, the International Monetary Fund and the International Finance Corporation on September 28 in Washington to describe the present course of economic and financial events in this country. Categorically, he stated, it was his "strong view" that the outlook for economic activity is favorable both for the near future and for many years ahead.

He spoke of appropriate fiscal and monetary policies that had struck down both the fear and fact of inflation. It should be noted, by the way, that Mr. Anderson makes very few talks and that he writes them himself.

Any sea or air liner operating in this day and age without the advantage of full radar protection, is about the same as a substantial business not being equipped with Dow Jones Instant News Service.



RADAR FOR ALERT BANKS

The bank can't depend on rumor and conjecture—can't wait always until *after* the event, to get news that could have been valuable if learned in time. Dow Jones *Instant News Service*, right on the bank's premises, gives you the latest business and financial developments almost as they are happening.

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can put to profitable use. You will find that the Dow Jones news sparks many ideas for pinpointed use by you and your customers.

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Securities and commodities news	Plant expansion and relocation news
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Morgan Guaranty Trust Company

OF NEW YORK

Statement of Condition September 30, 1960

Assets

Cash and due from banks	\$ 720,362,106
U. S. Government obligations	869,699,144
State, municipal and public securities	173,315,406
Other securities	12,820,689
Loans	2,131,604,040
Customers' acceptance liability	78,467,127
Stock of Federal Reserve Bank	12,750,000
Investment in subsidiary companies	7,820,495
Bank premises	28,139,927
Other assets	81,581,684
	<hr/>
	\$4,116,560,618

Liabilities

Deposits	\$3,362,800,617
Reserve for expenses and taxes	47,558,394
Liability on acceptances	80,908,815
Dividend payable October 14, 1960	7,540,000
Other liabilities	76,965,153
Capital — 7,540,000 shares	
— \$25 par	\$188,500,000
Surplus	236,500,000
Undivided profits	115,787,639
	<hr/>
Total capital funds	540,787,639
	<hr/>
	\$4,116,560,618

Assets carried at \$428,372,232 in the above statement are pledged to qualify for fiduciary powers, to secure public monies as required by law, and for other purposes. Member of the Federal Reserve System and the Federal Deposit Insurance Corporation.

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23 Wall Street

Midtown Offices: Fifth Avenue at 44th Street
Madison Avenue at 60th Street
40 Rockefeller Plaza

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CED Offers Bankers Advance Money and Credit Releases

THROUGH its Reader Forum plan, the Committee for Economic Development* is offering to make its continuing nonpartisan research into money and credit available to bankers and financial executives.

At an annual membership fee of \$15, according to Mack Hanan, management consultant, New York, and consultant to CED, individual readers of *BANKING* will be welcomed into the Reader Forum and receive in advance of general release all CED statements on national policy; special research reports; *Economic Developments*, CED's confidential quarterly; and the forthcoming reports of the Commission on Money and Credit.

The Commission has undertaken the first full-scale inquiry into the U. S. monetary and financial system in a half century. It was established by the CED in May 1958 and the commission hopes to make its final report in the spring of 1961. The report will be concerned with basic, long-term questions. It hopes to provide a policy guide that will be useful for the next decade, at least.

Committee Includes Several Bankers

Frazar B. Wilde, chairman and president, Connecticut General Life Insurance Company, is chairman. Banker members of the commission include Joseph M. Dodge, chairman, The Detroit Bank; Marriner S. Eccles, chairman, First Security Corporation; Fred T. Greene, president, Federal Home Loan Bank of Indianapolis; David Rockefeller, vice-chairman, Board of Directors, Chase Manhattan Bank, New York; Earl B. Schwulst, president and chairman, Bowery Savings Bank, New York; Jesse W. Tapp, chairman, Bank of America N.T.&S.A., Los Angeles; and J. Cameron Thomson, retired chairman, Northwest Bancorporation.

*711 Fifth Avenue
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November 1960

ERN UNION TELEGRAM

FAST CREDIT INFORMATION AND
CORRESPONDENT SERVICES COVERING
SOUTHERN CALIFORNIA

CITIZENS NATIONAL BANK

Los Angeles

Member Federal Deposit Insurance Corporation

MOBILITY

On occasion we have pointed out that as our volume of business grew we sometimes had difficulty keeping our manufacturing facilities in proper balance. In the old days this was not a problem because we knew pretty well where the growth would come and could anticipate our needs. In recent years, however, and especially since the advent of MICR, area growth has been unpredictable and we have had some narrow squeaks with respect to mobility of equipment. Fortunately, with our multi-plant operation and uniformity of product, we can always move the business by parceling out orders to plants which are not overtaxed. We do not consider this good planning but it is a stopgap that enables us to handle peak loads and meet tight delivery schedules.

Now we find we need more mobility with respect to sales manpower. The MICR program, with its interesting but time-consuming discussions, has in

some areas reduced the number of bank calls our men can make by as much as fifty percent. In other areas, where MICR has been slow getting started, our men are able to cover their territories in the normal manner. Thus at times we may move men into other areas whenever extra manpower is needed. The reason we can safely do this is because all of our people are well informed on the details of the MICR program and, while they may not know the banks in strange areas, they do know the answers.

This we do consider good planning, since it reflects good communications with all our people during the initial stages of MICR development and continuing throughout the five years which have intervened. Obviously, our new young men are not as well informed as the veterans, but we have enough available know-how to provide counseling service and this know-how is at the disposal of our bank customers anywhere.



Manufacturing Plants at:

CLIFTON, NORWALK, PAOLI, CLEVELAND, DETROIT, INDIANAPOLIS,
CHICAGO, KANSAS CITY, ST. PAUL, DALLAS, CHATSWORTH

Boston Topics: Mortgage Money, Trust Funds

A STEADY flow of mortgage money, in sufficient quantity at least to finance a steady level of home building would be desirable, according to Harry Held, senior vice-president, The Bowery Savings Bank, New York, who addressed the Fourth Regional Mortgage Workshop under the sponsorship of the Department of Mortgage Finance of the Ameri-

can Bankers Association in Boston last month.

"During the past decade," said Mr. Held, "mortgage credit has consistently represented the biggest single source of demand in the capital market. In only one year, 1952, was the demand for mortgage credit less than 30% of the total capital market available; it has been 40% or more.

"Mortgage investment involves long-term credit, which must be provided through long-term funds such as savings. It is thus logical that the four major financial institutions which generate savings in one form or another held almost 80% of the total nonfarm mortgage debt of \$178.9-billion outstanding at the end of 1959; and it can be truly said that money to finance mortgages, in the main, originates with savings.

"Desirable goals in the economy which would encourage such savings would be a balanced budget, elimination of inflationary pressures, and the preservation of the sound value of the dollar.

"To meet anticipated goals," Mr. Held pointed out, "the possibility of attracting more sources of mortgage funds is considered desirable. One of the greatest sources of new credit for investment in mortgage loans is the uninsured pension funds. These funds have quadrupled in 10 years and are likely to continue growing."

Pension Fund Interest Traced

Pension fund interest in the mortgage market was carried further as a topic by William F. Keesler, senior vice-president, The First National Bank of Boston, who also addressed the group.

Mr. Keesler drew this corollary between business conditions and trust fund investment in mortgages:

When industry was rapidly expanding, and seeking financing for that purpose, the Government was borrowing heavily and a rapid economic growth and strong degree of inflation was anticipated. This, says Mr. Keesler, was not the time for them to be interested in mortgages or any other fixed income investments.

Since then, pension funds and other trust funds have built up very rapidly, but during a period when investment opportunities have not been in short supply.

Now that pension funds are developing more interest in FHA and GI loans, it seems coincidental with business conditions. Among other things, there is a lessened demand for the type of housing that has been produced in substantial volume, reducing the supply of loans.



FORT WORTH, TEXAS

STATEMENT OF CONDITION AT CLOSE OF BUSINESS OCTOBER 3, 1960

RESOURCES

CASH AND DUE FROM BANKS.....	\$ 68,006,873.86
UNITED STATES GOVERNMENT SECURITIES.....	61,303,408.11
OBLIGATIONS OF STATES AND POLITICAL SUBDIVISIONS.....	11,979,050.96
OTHER BONDS, NOTES AND DEBENTURES.....	45,195.00
STOCK FEDERAL RESERVE BANK.....	580,500.00
LOANS AND DISCOUNTS.....	141,023,694.75
INCOME EARNED—UNCOLLECTED.....	1,025,709.36
BANKING HOUSE AND GARAGE PROPERTY.....	3,734,765.96
FURNITURE AND FIXTURES.....	1.00
OTHER REAL ESTATE.....	127,878.22
CUSTOMERS' LIABILITY—LETTERS OF CREDIT.....	207,186.25
OTHER RESOURCES.....	19,973.07
TOTAL.....	<u>\$288,054,236.54</u>

LIABILITIES

CAPITAL ACCOUNTS:		
COMMON STOCK.....	\$ 9,350,000.00	
SURPLUS.....	10,650,000.00	
UNDIVIDED PROFITS.....	1,210,081.37	\$ 21,210,081.37
RESERVE FOR CONTINGENCIES.....		3,434,996.20
RESERVE—TAXES, INTEREST, EXPENSE, ETC.....		2,713,508.47
LETTERS OF CREDIT ISSUED.....		207,186.25
INCOME COLLECTED—UNEARNED.....		2,059,032.19
DEPOSITS:		
INDIVIDUAL.....	\$205,021,614.78	
BANK.....	47,309,453.40	
U. S. GOVERNMENT.....	6,098,363.88	258,429,432.06
TOTAL.....		<u>\$288,054,236.54</u>

U. S. Government and other securities carried at \$30,384,881.91 in the above statement are deposited to secure public funds and for other purposes required or permitted by law.

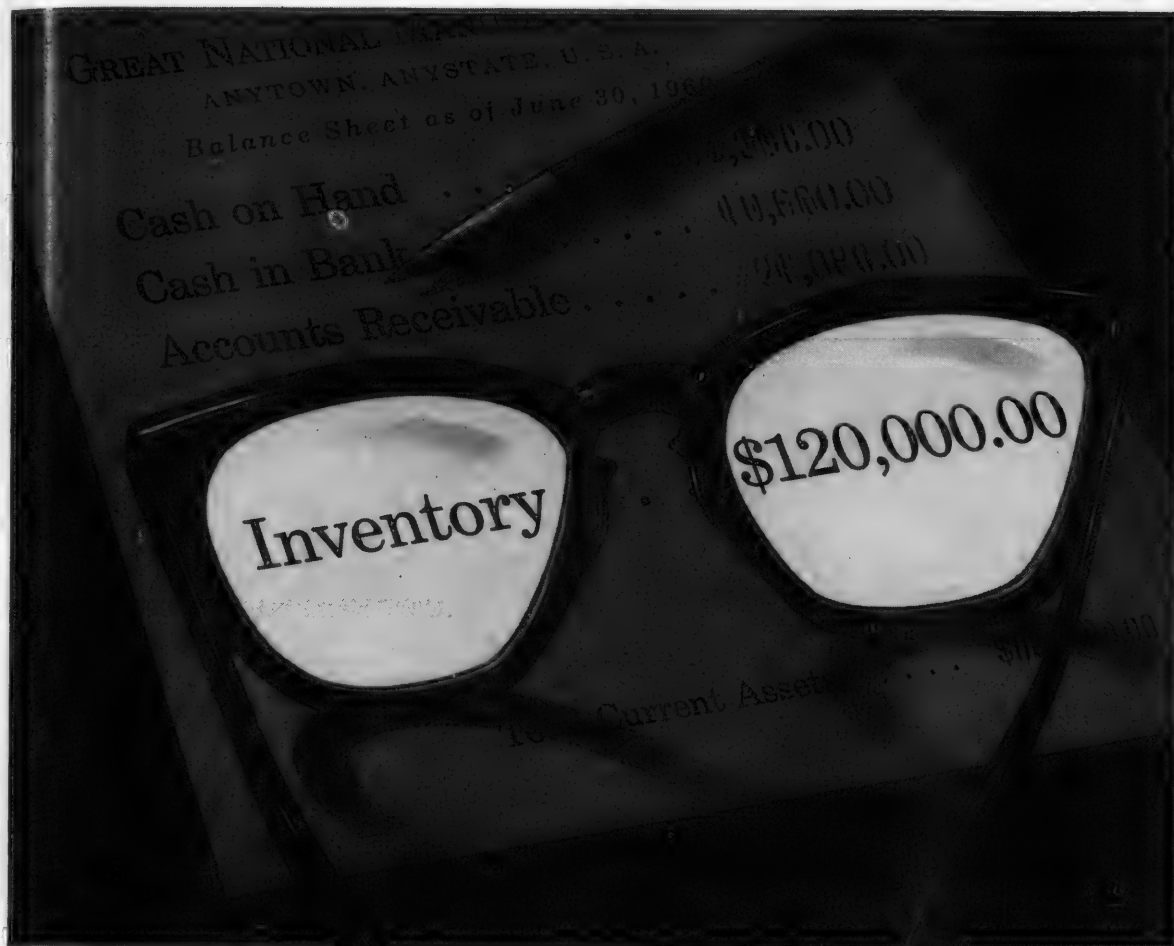
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So MR. LOAN OFFICER — the next time you see INVENTORY in plain sight on a financial statement — why not call in Lawrence. The use of Lawrence Field Warehouse Receipts enables your bank to make safe and profitable inventory loans. It also makes it possible for you to provide your customers with needed working capital on a secured basis.

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...IS LIKE CERTIFIED ON CHECKS

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OFFICES IN PRINCIPAL CITIES

Your PR Is Showing!

This big mutual savings bank includes the "right way, wrong way" method in its employee training program

THE Philadelphia Saving Fund Society this year is conducting an unusual program of employee indoctrination and training.

PSFS, which has more depositors than any other "mutual"—865,000—started the course last spring with eight informal sessions for small groups of staff people who meet the public. Everyone in the banking and guards departments participated. The give-and-take discussions were based on everyday problems.

The program culminated in October with a public relations seminar to which all employees were invited. Guided by attitudes and needs revealed in the earlier sessions, prominent speakers discussed salesmanship, human relations, personal appearance and charm and telephone manners.

Preparation for the program began six months before the first indoctrination session took place. Initial steps comprised: (1) a survey of employee attitudes regarding customer contacts; (2) analysis of survey results to guide planning of presentations and visual material; (3) enactment and tape recording of several "good" and "bad" episodes based on typical contacts with depositors.

The survey of employee attitudes

was conducted by means of check-list questionnaires that were returned unsigned in sealed envelopes—the bank sought frank opinions, not what the staff might consider the right answers.

Employees were asked to rank the importance of such things as making personal conversation with depositors and taking the initiative in suggesting other bank services. They also were asked to tell how frequently certain transactions caused friction with depositors and how to handle situations where bank rules annoyed depositors. As might have been expected, there was substantial agreement on what causes friction, but considerable disagreement on how to handle certain contingencies.

Visual Material

The most significant statistical results of the survey were put on display to be used as visual material for the indoctrination meetings. The result also was used as a guide in preparing the tape-recorded episodes and the discussion leaders' presentations.

Situations revealed as troublesome were dramatized and put on tape. Each was first mishandled, then re-enacted in a pleasant, businesslike manner. Three sets of recordings



When the meetings were over, the staffers had a buffet supper in the solarium atop the bank

were prepared—each adapted to one of the groups attending the meetings—for supervisory personnel, for guards, and for general employees. The episodes were planned, enacted, and recorded jointly by staff members of PSFS and Gray & Rogers, the bank's advertising and public relations agency.

The presentations and visual and audio materials first were given for the managers, assistant managers, and senior tellers of the bank's 18 offices. Thus they were fully aware of what was in store for the employees under their supervision. It was considered sound protocol to give them the first opportunity to profit from the indoctrination, and it was also felt that there would be franker discussions in the general staff sessions if the supervisory personnel met separately.

Buffet Suppers

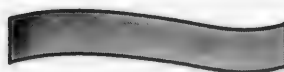
The informal sessions, conducted late in the afternoon, ran for about an hour and were followed by buffet suppers. The discussions, which frequently caused lively conversation across the supper tables, were led jointly by Granville S. Morgan, vice-president in charge of banking and public relations, and Harold S. LeDuc, assistant manager of the Gray & Rogers public relations and publicity department. They were assisted by John A. Deitz, Jr., assistant vice-president in the PSFS banking department.

Scene of the meetings was the board room atop the bank's 36-story building. Suppers were served in the
(CONTINUED ON PAGE 154)



Discussions continued informally around the supper tables. Vice-president Granville S. Morgan, one of the leaders, is at end of table facing camera

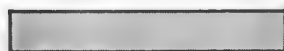
HOW WILL YOUR COUNTERS BE DESIGNED?



CURVED?



ANGULAR?



STRAIGHT?

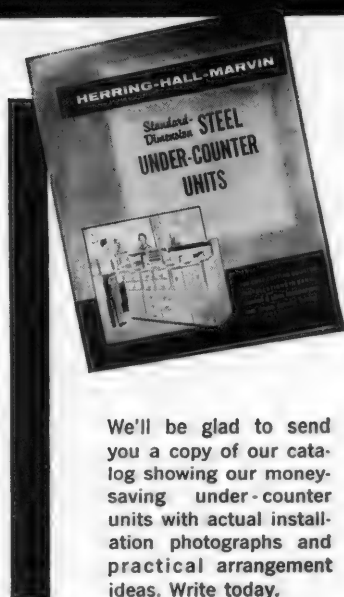


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STANDARD DIMENSION
UNDER-COUNTER UNITS
WILL FIT THEM . . .
AND SAVE YOU MONEY

The photo above shows a noteworthy example of how Herring-Hall-Marvin creates custom-designed under-counter arrangements at production-line prices.

In this efficient installation each teller has everything at his fingertips. Note the handy knee-space apron sections with adjustable dividers; the key-locked cash and storage drawers, the big combination-locked silver compartment, the Swing-Away seat for the teller's personal comfort and convenience.

Let us show you how we can cut new counter costs for you. Consider, too, the advantage of being able to add to, or rearrange, with minimum expense, these self-contained units to meet changing needs.



We'll be glad to send you a copy of our catalog showing our money-saving under-counter units with actual installation photographs and practical arrangement ideas. Write today.

HERRING-HALL-MARVIN SAFE CO.

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Personal Attention Counts
Count on the officers of
the Barnett for that extra
personal attention.

**The BARNETT
NATIONAL BANK**

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Scissorless Schedules . . .

In some mortgage bookkeeping systems a slip is mounted on or attached to the ledger sheet, showing interest and principal for 12 months, as a guide to the posting clerk.

We have always recommended use of our amortization schedules and a pair of scissors, to cut out the needed figures; and it is still a good recommendation.

However, we now offer to put amortization schedules on paper perforated each 12 lines, as an added convenience. The schedules, if desired, will also show the participation figure for a servicing agent.

Price is still \$1, for a single copy. Send for a sample of a perforated schedule if it will fit your system.

FINANCIAL PUBLISHING COMPANY

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EVERY SPECIES OF MORTGAGE CALCULATION



Share your
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Muscular dystrophy dooms children to early death. Help scientists track down this killer by giving generously to the MARCH FOR MUSCULAR DYSTROPHY

Why Pass Up Extra Commissions?

Leading passbook manufacturer now has several territories open for aggressive men calling on banks to sell all types of passbooks and pocket check covers. Commission basis.

WILLIAM EXLINE, INC.

1776 Ontario Street • Cleveland 12, Ohio

(CONTINUED FROM PAGE 152)

adjoining solarium. Mr. LeDuc spoke briefly at each session, emphasizing: "There is nothing a bank can say about its financial strength or the high caliber of its management that will offset one unsatisfactory or unpleasant experience suffered by a depositor—or one he or she considers unsatisfactory." Then Mr. Morgan started the tape recordings, beginning with one of the mishandled situations. General discussion started with questions on why the incident was poorly handled, moving to suggestions on what should have been done. Finally, a recording demonstrated a good technique.

Inspirational Seminar

In the October seminar, PSFS added the element of inspiration to the practical, common sense approach used in the training program.

Although the bank says it is difficult to measure the effectiveness of the training thus far in improving PR, contacts with the employees indicate that the message is getting across and that many of the staffers are aware that their "public relations is showing." The fact that PSFS took the trouble to conduct the program impressed the staff with how highly the bank rates public relations.

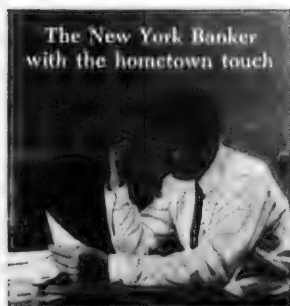
"And they will continue to be impressed," says Mr. Morgan, "because we know the need for public relations training never ceases. We have conducted PR training programs for several years, and plan to do so continuously in the future."

"I just dare that ole bank to send back any of my checks now!"





His pencil writes financial plans with a double point of view



What comes out of a pencil depends on the man who's holding it.

When it's in the hand of the man from Chemical New York, it writes financial plans for your customers with a double point of view.

It writes with a local flavor because the man at the thinking end has the hometown touch. He travels in particular regions of the country, and gets to know their problems, trends and industries firsthand.

And it writes with the know-how and financial experience that can come only from a banker based in New York, the financial capital of the world.

Why not take advantage of this unique combination of local knowledge and metropolitan experience? Call "The New York Banker with the hometown touch," and start his pencil working for you. Chemical Bank New York Trust Company, New York 15. Member Federal Deposit Insurance Corporation.

Chemical Bank New York Trust Company



Community Growth

(CONTINUED FROM PAGE 65)

liminary negotiations on building construction costs, up-to-date knowledge of financing plans, the bond market, bank services available to the industry involved, and the extent to which the local community is able to participate in financing total costs of the project.

Local urban renewal and redevelopment agencies are tackling the problem from the other side—clearing and redeveloping, or rehabilitating, conserving and rebuilding the physical plant of the city. Both business and residential neighborhoods are coming in for their share of redevelopment. Most of these agencies are local and public; two-fifths of them are divisions or departments of local government. The remainder are separate public agencies.

Nearly all of the recognized local renewal programs are based on Federal capital grants set aside to cover two-thirds of the net cost of approved projects under the Housing Act of 1949 and its amendments. Cooperating in an advisory capacity with these agencies, having bank officers work with them in an official capacity, lending mortgage money for these projects, and even lending at special rates, as was the case in Cleveland, Ohio, can be the bank's role in this aspect of subnational evolution.

Great Deal of Financing Required

Private investment in most of these projects is expected to take the ratio of three to one; this requires a great deal of financing, but its rewards in terms of normal profits and greater property values in a given locale can be tremendous. Measured in terms of tax revenue, Nashville, Tenn., for example, has converted what was a 72-acre slum with a tax revenue of \$23,000 into an attractive business district with a \$178,000 tax potential. The Golden Triangle in Pittsburgh, Pa., as far back as four years ago had added some \$29,000,000 to assessed values. And other tangible rewards—business of every sort brought into the banks of these areas—are adjudged to be large but immeasurable. Bank after bank has reported business growth during and after these projects, obviously resulting from renewal programs yet

not directly traceable because of difficulty in statistical confirmation.

Banks Can Cooperate Privately

What about completely private programs? Where do banks fit into them?

Banks, of course, have sponsored their own industrial development programs. Every time a bank specifies an officer, a department, or a committee to be concerned with attracting new industry, it is launching its own industrial development program. Every time a bank provides funds or guidance for a slum clearance and rebuilding program, or joins with a development corporation in rebuilding a deteriorating business district, it is participating in urban renewal. Every time a bank-organized small business investment corporation cooperates with local industrial development groups, or development credit corporations, that bank is participating in urban renewal.

Privately organized and financed, but chartered with a public purpose, development credit corporations have been authorized by special state legislation in some 13 states. They make it possible for state regulated banks, insurance companies, and other financial institutions to pool money for

the purpose of providing risk financing to needed industry that would otherwise be unable to obtain capital. Quasi-public, they are not organized to make a profit, but they do. Community development corporations sometimes follow a similar pattern. If not, they float bond issues or capitalize by sale of stock in order to finance manufacturers that for risk reasons cannot obtain financing through conventional means. Some of these community corporations have been organized to fill a single need, and, when this need was filled, disbanded. Others, making a profit, have reinvested in other needy areas and contributed a great deal to their communities. Only a few have undertaken comprehensive development programs. Bank leadership and money are invaluable to these programs.

Cooperation seems to be the key word for banks in public service. Although some banks have embarked on their own industrial encouragement programs, some on a community basis, some on a statewide basis, the greatest need seems to be for bank cooperation with realtors, utility firms, public officials and all other interested parties in leading, financing, and encouraging the evolution of their economic surroundings.

Information on SBICs

THREE articles on small business investment companies by experts in the field highlighted the fall issue of the *FBA Journal*, available in November.

The first, by Philip McCallum, administrator, SBA, and Ross Davis, deputy general counsel, SBA, will: briefly review the development of the investment program to date; outline some predictions for future growth and development; summarize some practical advice for the guidance of both—(a) persons seeking investment company licenses, and (b) operators of investment companies.

Analysis For The Borrower

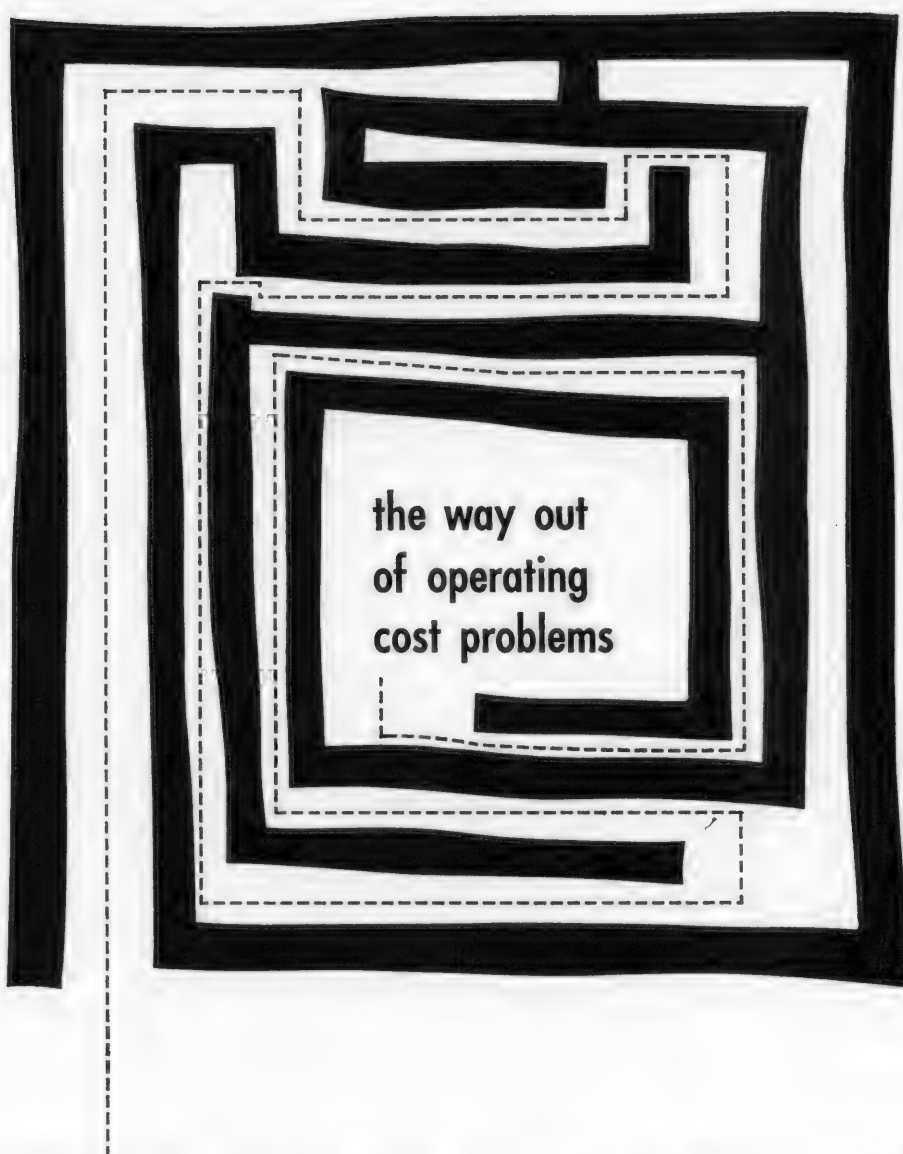
The second article, by Charles M. Noone, general counsel of the National Association of Small Business Investment Companies, will analyze the 125 companies now licensed and

operating from the standpoint of the lawyer for the potential borrower. It will tell where and what these companies are, what they are equipped to do for a client, how to apply for funds, what to expect in the way of interest rates, what controls will exist on the future operations of the company which borrows from an SBIC, and finally are the additional terms and conditions under which the SBICs actually make their loans.

SEC's Place in SBICs

The third article by Manuel Cohen, director, Division of Corporate Finance, SEC, will deal with the SEC aspects of SBICs and with such matters as how small business firms can get financing as a result of applications to SEC.

The Federal Bar Association is at 1737—H St., N.W., Washington 6, D. C.



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MIT

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Massachusetts Investors Trust DECLARES ITS 144th Consecutive Dividend

10 cents a share,
 from net income,
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 record September
 30, 1960.



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Automation v. the Office Worker

THERE have been plenty of arguments over what really happens to office workers when a company installs electronic equipment. The U. S. Bureau of Labor Statistics adds a welcome beam of light to the heat of these arguments in its report, *Adjustments to the Introduction of Office Automation, Bulletin 1276* (Sup't of Documents, Government Printing Office, Washington 25, D. C. 50 cents).

The Bureau surveyed 2,808 workers in 20 offices at the time electronic equipment was being installed. One year later it checked back and found some very interesting changes.

Generally the results of automation were to upgrade the office positions. There was some reduction of the staff in units directly affected, but over-all office employment rose. The elimination of jobs resulting from the use of a computer was accomplished with a minimum of "pink slips" to employees. The biggest problems for management were in selecting employees to fill the new positions, establishing proper salary levels, and reassigning workers to other units.

Here are some of the specific facts that are described in much more detail in the report:

★ Of the 2,808 people originally employed, 2,381 were still with the 20 companies one year later. That's a reduction of 427 office workers.

Non-office workers were not included, nor did the survey go beyond the 1-year cutoff date. Office automation can, of course, reduce clerical needs in other areas, and the full effects in the office are not necessarily felt during that first year.

★ Of the 427 office workers no longer employed, 370 left voluntarily, retired, or died. The rest consisted of 35 on leave of absence, 9 who were laid off, and 13 discharged. In other words, normal turnover accounted for 9 out of 10 separations and there is some question whether all the forced separations could be charged against automation.

★ The 2,381 workers who remained were carefully studied. Out of every 100 in this group about 31 were promoted by the end of the year, 68 remained at the same level, and one was demoted. Most companies kept this last man at his previous pay level.

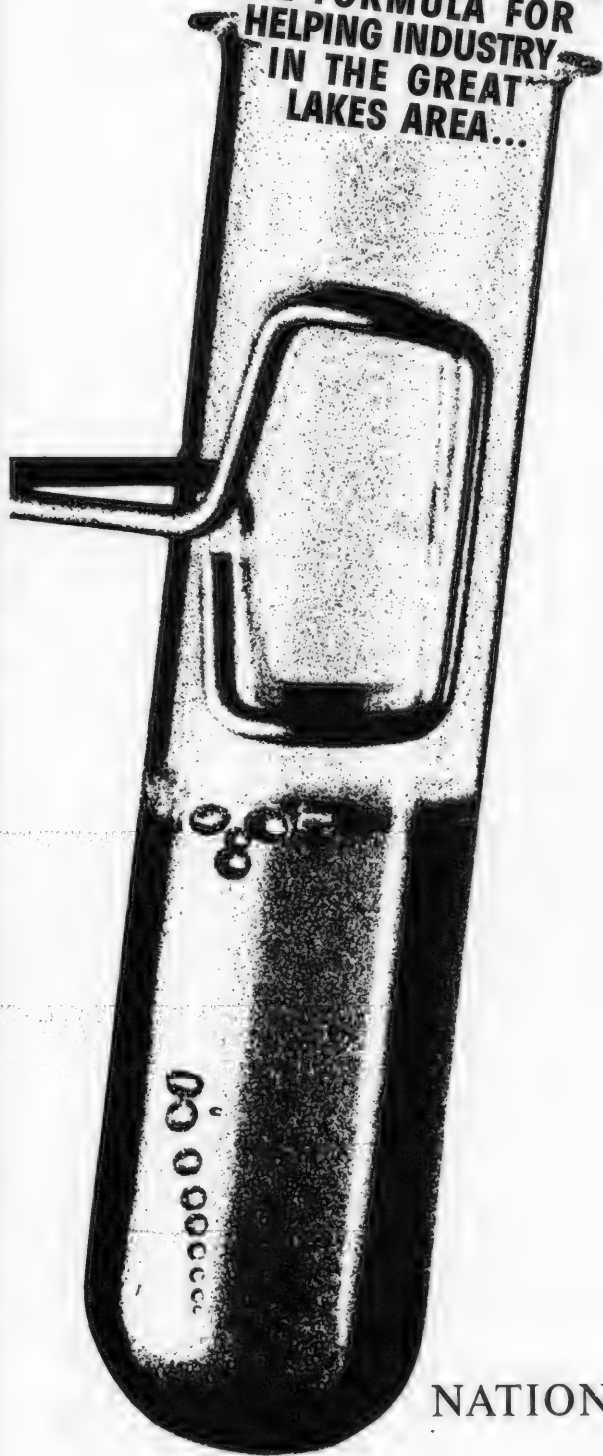
★ What may be even more surprising is that 86% of the retained workers stayed in the same unit; two out of three of these even held the same job. Of the 14% who were transferred, about one in six went to the computer unit and the other five were shifted elsewhere.

In addition to the statistical data, the report presents a considerable volume of helpful information on the personnel problems that arose and how the companies solved them.

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 You don't have to
 treat me different
 from anyone else
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 in the palm of
 his hand!"



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IN THE GREAT
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Gold's Price

(CONTINUED FROM PAGE 40)

world's big gold producers standing to profit from a hike in the dollar price of the metal is the USSR. Soviet First Deputy Premier Anastas I. Mikoyan complains that the difference between \$35 an ounce "artificially established" and the price "that should exist" amounts to tribute paid by the countries—including the USSR—that sell on the world gold market.

The benefit that the USSR would reap from an increase in the U.S. official price of gold is by no means the most important reason for the constant opposition to such a step on the part of the Treasury and Federal Reserve System. Such opposition by Secretaries Snyder, Humphrey and Anderson has been unwavering. In 1953 the Treasury wrote to Alaskan Delegate Bartlett: "The Treasury remains opposed to any such legislation [to raise the price of gold] because of the inflationary effect such a program would have on the domestic economy of the United States." To the then California Congressman Clair Engle it wrote: "Our sound money program does not contemplate an increase in the price of gold. We believe that raising or lowering the price of gold to compensate for price rises or declines is inconsistent with the principles of sound money and the gold standard, and tends to have a disrupting effect upon the economy."

Treasury's Rejections

Also rejected by the U.S. Treasury in postwar years have been proposals for a free gold market, subsidies to gold mines, exporting of newly mined gold for sale on foreign free markets and return to the gold-coin standard. On the latter it said—in 1953—"Until the budget is balanced and world conditions are more stable, internal gold convertibility is likely to exert dangerous pressure at critical times." The inflationary objection to a higher price of gold applied to the 1934 change. W. Randolph Burgess, discussing the 1934 action, has stated: "I think we could have gone along on the lower price of gold with much less inflation."

When the official price of gold is raised—and the dollar correspondingly is devalued—the Government's

Treasury Memo To The Press

January 19, 1959

THE fact that bills proposing a change in the price of gold may be introduced by individual members of the Congress should not be interpreted as meaning such action will happen. In the last session of Congress, some 20,000 bills were introduced and only 1200 were enacted into law.

"The Treasury's position today is exactly the same as given by Treasury Secretary Anderson at New Delhi last October when he stated that the U. S. Government firmly adheres to the position that the price of gold in U. S. dollars should remain unchanged. The assured interchangeability of gold and dollars at \$35 per ounce for the settlement of international accounts is a basic element of strength in the international financial structure."

[The following is Treasury Secretary Anderson's statement in New Delhi on October 7, 1958:

"In view of some of the comments which have been made with respect to the price of gold, I should make clear that my Government firmly adheres to the position that the price of gold in United States dollars should remain unchanged. The assured interchangeability of gold and dollars at \$35 per ounce for the settlement of international accounts is a basic element of strength in the international financial structure. Moreover, we believe the excellent study prepared by the staff of the International Monetary Fund on "International Reserves and Liquidity" correctly emphasizes that attention should be focused upon the adequacy of resources to meet temporary imbalances of individual countries rather than upon the subject of the price of gold."]

stock of gold is revalued. By a stroke of the pen the book value of the nation's gold stock is raised. In 1934 the Government thus took out of thin air a profit of \$2,800,000,000. The Government of the time did not immediately put that profit into circulation. Part of the profit it sought to immobilize. But eventually, the greater part of that profit has been allowed to have its inflationary effect. A large fraction of it was turned over to the International Monetary Fund, to be spent here by the Fund's borrowers.

It is interesting that the Eisenhower Administration, dedicated to a sound dollar, made use of a good fraction of the 1934 "profits" as a way of getting around the statutory limit on the public debt. In 1953 it tapped \$500,000,000 of the devaluation proceeds; and in 1958 another \$100,000,000 of the "free gold." The total of \$600,000,000, translated into Federal Reserve potential, becomes \$2,400,000,000, which in turn makes possible several times as much commercial bank credit.

Inasmuch as the Federal Reserve Board follows the practice of offsetting incoming and outgoing gold movements, the above-mentioned ef-

fects are not automatic by any means.

The miners' argument that, since the prices of "all other commodities" have climbed since 1934, the price of gold is far out of line, makes good sense from the mining viewpoint. For gold miners, gold is the commodity they produce and sell. The profitability of gold mining is determined by the margin between cost and selling price. But for the general public who are non-goldminers gold is not an ordinary commodity. It is a standard of value. It is as much a standard in the field of value as the footrule is the standard in measuring height.

It is sometimes argued that our ebbing gold hoard is threatened further by the large claims foreigners hold against us: bank balances and short-term investments in this country.

To forestall a run on our gold we are advised to devalue. The proposed remedy is of questionable wisdom. The Federal Reserve System is not yet bereft of power to expand the money supply to compensate for the effects of the gold outflow which we have been experiencing. While there has been a fairly steady outflow of

(CONTINUED ON PAGE 162)

THE VOTES ARE IN FOR MISS DRIVE-IN TELLER 1960!



TAMRA EVANS, winner of Mosler's
1960 Miss Drive-In Teller contest.

Heaviest balloting ever in down-to-the-wire contest!

The thousands of ballots have been tallied and the winner of the Miss Drive-In contest is Miss Tamra Evans, representing the First National Bank in San Rafael, California.

Tamra was pressed very hard for the crown by Carol Harkins, First Trust and Savings Bank, Davenport, Iowa, and Arlene Krug, Union County Trust Co., Elizabeth, New Jersey. Miss Evans was graduated from Tamalpais High School in 1958 and

attended the College of Marin for two years. She was Miss Marin County for two years and in 1959 she was elected "Miss Congeniality" by the finalists in the Miss California contest. In addition to her interest in art, she devotes much of her leisure time to outdoor sports.

Tamra receives an all-expenses-paid trip for two to the Lantana Colony Club in Bermuda. She will fly there from New York by Eastern Airlines and be provided with

\$500 expense money, all part of the winner's prize.

The finalists for the title of Miss Drive-In Teller amassed the greatest number of votes since the contest began...an indication of the growing appreciation of auto banking in America. Mosler is proud of the part it plays in helping the banking industry provide better service.

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(CONTINUED FROM PAGE 160)

gold in the past few years, we still hold a big slice of the world's supply. Should a serious run start a flight from the dollar, the Treasury would not, in the writer's opinion, hesitate to embargo exports of the metal. As to such a step, Secretary Anderson has testified: "We have the authority to sell and buy or not to sell and buy, but as long as we remain—and I hope always—on the international gold standard, we would honor the obliga-

tions of foreign central banks." Secretary Anderson has consistently opposed any change in the present price of gold.

[On October 20, during the "gold rush" in European markets, the U.S. Treasury issued a statement reaffirming its adherence to the \$35-per-ounce price. The statement concluded: "As Treasury Secretary Anderson has stated many times in the past, it is our firm position to maintain the dollar at its existing gold parity."—ED.]

Prevailing U.S. financial opinion

does not accept a gold price hike as the way to increase world liquidity. Such a step would tend to increase fear of inflation. It would amount to a cheapening of the dollar on the world's foreign exchange markets, threatening to put the exports and domestic sales of other countries at a disadvantage, compared with U.S. goods. Accordingly, a devaluation of the dollar—meaning a rise in the U.S. price of gold—would instantly bring into being devaluations of many other currencies.

Gold Premiums

Some years ago due to local situations private hoarders abroad were paying considerable premiums for gold. From this, mining interests argued that the U.S. price undervalued gold; that, if left to free market forces, the price of gold would rise. The big premiums referred to have since disappeared. Yet gold interests still propagate the thesis that \$35 an ounce is an artificially low price.

Free Market Price?

It is by no means certain that in an entirely free market gold would sell at more than \$35. It might sell for less. Sir Dennis Robertson, British economist, wrote in 1954 that the expectation that market forces would drive up the price of gold was illusory and lacking in all plausibility. "It has become plain for all to see," he said, "that the dominant influence on the world value of gold is the willingness of the American Treasury to buy it at a particular dollar price. If that support were once removed, the result might well be very different . . . [from what South Africans were expecting] and much less agreeable to some people."

Present View

"No! If the dollar price, and with it the sterling and other local currency prices, of gold are to be raised, it will have to be because the American authorities have become convinced that it is a reasonable, and indeed the best, way in which they can contribute to expanding the rest of the world's monetary reserves and so to smoothing the path for a return to universal convertibility of currencies. And there seems to me at present no sufficient reason why they should take that view."

HERBERT BRATTER



"10 Favorable Factors Which Should Assure ARIZONA'S Continued Growth"

from a speech by CARL A. BIMSON
President, VALLEY NATIONAL BANK

1. The migratory trend to the Southwest "which picked up considerable momentum after World War II and since has shown no signs of abating";
2. An excellent business climate—"one receptive to business, marked by good labor-management relations, a diversified supply of skilled labor and a realistic tax structure";
3. Increasing awareness by out-of-state sources that the area's larger cities, with their mushrooming population and soaring per capita income levels, offer excellent markets for consumer products;
4. A wealth of natural resources—including many, such as oil, natural gas and uranium, "whose surface literally and figuratively have hardly been scratched";
5. The national defense program's growing emphasis upon industrial dispersion;
6. Superb scenic and climatic attractions, "reflected by steadily increasing tourism revenue";
7. The state's advantageous geographical position as a distribution and warehouse center serving a region with more than 30 million population bounded by Texas, Mexico, New Mexico and California;
8. Increasing number of regional and national conventions held annually;
9. Varied cultural attractions—including art colonies, museums, music centers, little theatres;
10. "The wonderful, consistent sunshine."

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Digest of the Business Outlook

(CONTINUED FROM PAGE 39)

receipts, etc. Congress hiked Government pay, refused postal rate increase, passed medical care for aged and housing loans to veterans. There have been some offsetting cuts.

Eisenhower's new big Latin American program—\$500,000,000 is just a starter—is not yet in the budget totals.

INFLATION. Secretary Anderson sees "the fear and the fact of inflation" as struck down by recent official policies. Adjustments in the economy this year "provide the base for a long period of sustainable, non-inflationary growth."

General Indicators

GNP. Treasury assumes 3rd quarter unchanged, with rise in fourth quarter, making 1960 total within 1% of last winter's \$512B estimate and almost \$25B above 1959's \$482B: "a substantial growth in real terms."

PERSONAL INCOME. In July and August, at \$407B seasonally adjusted, leveled off moderately above June rate. Personal income has moved up nicely through 1960; almost every month shows a gain. This makes the consumer a prop under the economy.

NATIONAL INCOME advanced substantially in early '60, contributing greatly to the rise in consumer purchasing power and the consumer's share of the national output. If Treasury's GNP forecast proves correct, national income in 1960 should total between \$415B and \$420B, compared with \$400B in 1959.

INDUSTRIAL PRODUCTION has held up very well, down only about 2% from the peak, despite the steel and auto situations.

Spending

GOVERNMENT. Whichever Presidential candidate wins, spending will rise in the next Administration, it is believed. Besides, the Congress always leans that way. This year it hiked Government pay 7.5%, or \$637,000,000; added \$109,000,000 for veterans housing loans; another \$241,000,000 to Health, Education & Welfare.

Public debt interest is costing less; ditto storage and interest on surplus corps. Applications for veterans' payments have declined. Mid-year estimate of fiscal '61 spending is \$80.4B, up \$0.6B since January budget.

BUSINESS. Nothing new since Commerce-SEC September release showing leveling off in fourth quarter. This makes 1960 total for plant and equipment \$36.37B, instead of the June estimated \$36.85B . . . Next estimate comes in December. Sharp decline in inventory spending has been key factor in 1960 business picture.

CONSUMER. Apparently some slackening in over-all retail sales. July saw sizable decline in auto buying. September auto sales looked better, considering model changeover; some better than in '59. Department store sales running at about 1959 level in the past few months; maybe a shade better. Retail sales in general show no pronounced weakness or push.

Prices

CONSUMER. The CPI usually declines a bit in August, but didn't this year. Foods didn't drop. Most components, especially services, continued rising. Apparel prices reflect last spring's sizable wage hike. Used cars edged up in August less than normally; were still about 10% below 1959. New car prices a trifle below a year ago. Thus: services up, nondurables moderately up, durables down.

WHOLESALE. Not much change; about steady. Copper cut will have minor effect. At wholesale the dollar is stable.

Employment

In August, after seasonal adjustment, there was some further rise in unemployment. Unemployment claims have been about a third greater than a year ago. This may be a sign of slight weakness, but nothing outstanding.

Recalls of steel workers in October and November are expected, with some rise in steel production. Steel has been a weak link in the economy. October data should show the auto industry, excepting Chrysler which got an early start, going in high gear.

General Categories

CONSTRUCTION. Despite considerable loosening of money, demand for residential building lags. The 1960 total may not equal the anticipated 1,325,000 units. Reasons: general uncertainty and the building of costlier homes, not for mass market. Vacancy rate suggests housing push may be spent.

Industrial construction exceeds all expectations; commercial, probably about as forecast. Every evidence highways coming back strong toward year-end. Based on contract awards, educational construction seems about to boom.

AGRICULTURE. Prices received by farmers still slightly under 1959 but, with record output, cash receipts from farm marketings run slightly above '59. So income this year will be about unchanged.

CHEMICALS. In September sales and production rose. No material net change in inventories. Exports and imports probably rose a bit. No sign of recession yet in chemicals over-all.

ELECTRONICS. Slight slippage in sales of TV receivers. Tendency for profits on civilian items to be squeezed. But government, commercial, and industrial sales are holding well, being based on long-range plans. Over-all tone is satisfactory.

TEXTILES. Still a considerable cutback in operating hours in cottons. Industry complains of big rise in imports last few months. Business not bad, but has lost ebullience. Reflects general economy. Also, textiles' cyclical pattern calls for some decline now. Substantial orders still coming through, but not at peak level of a few months ago.

(CONTINUED ON PAGE 166)



A banker speaks his piece

On the rostrum, or from the floor; partisan or independent, bankers the nation over have a common cause. It's taking an active part in America's political processes so that democracy will survive, strengthen and endure.

Naturally bankers, like all other Americans, have a big stake in democracy. They also have a good many qualifications to make them active leaders and spokesmen.

Few leaders in any community know its people and its needs as thoroughly and intimately as a

banker. He has the insight and understanding to help a fellow townsman with his financial problems, assist local businessmen and handle the community's money wisely and profitably.

Working thus in the mainstream of the community's economy, and living in its social currents, bankers can contribute much to good government.

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Remember to vote for the candidates of your choice on November 8.

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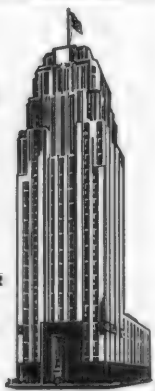
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personal protection service*

(CONTINUED FROM PAGE 164)

Imports also felt in woolens. Industry talked to Nixon on this. Italy a major supplier. Retail sales seem to be holding up.

ELECTRICAL. Preliminary data suggest new orders for generators were down in third quarter. This was not too surprising, as first half's orders were above "normal": 6,800,000 kw capacity, as compared with a probable 10-10½ million for 1960 as a whole. First half of '59 total was some 4,000,000 kw. So far, no recession in this industry.

TRANSPORTATION. RRs estimate 1960 Class I net income at \$443,000,000. Compares with \$578,000,000 in 1959. Lowest postwar year was 1949 at \$438,000,000. (Data unadjusted for inflation.) The 1960 estimate is without effects of probable freight rate hike in October. Means a net return of about 2½% on investment.

Airline traffic trend is up 2-3% in recent months, less than the previously expected 10-12% increase in 1960. Profits don't look too good with expenses rising more than traffic. Jets are costly in various ways. Profits for year may be below 1959.

AUTOS. The industry is watching intently reactions to the new models, the last of which is unveiled in early November. Real public acceptance is being indicated. So 1960 should about equal the Commerce Department's winter forecast of 6,700,000 new cars. Interest in compacts is tremendous.

PAPER AND PAPERBOARD. Commerce predicted a 6% increase in 1960. Now looks like only 1-1½% above 1959. All depends on how fourth quarter business goes.

HOME EQUIPMENT. Orders are coming in; tremendous volume of paper. But amounts ordered are small. Suggests retailers running out of stocks; ordering from hand to mouth. Some re-employment taking place. Frigidaire has recalled 525 workers. GE made similar announcement on eve of strike.

METALS. No improvement yet in steel output. Acme Steel Co.'s dividend cut first evidence of lower industry profits. Pick-up still awaited, with production week ended October 1 at 54.7% of capacity. Then came strike in Buffalo against Bethlehem's rail subsidiary. Lowest production in a full week was 49.2% in summer as compared with 75% in week ended May 2. All this is counterpart of inventory cutbacks.

Aluminum is quiet. Last year-end Commerce Department forecast for 1960 a 5-10% increase. Depending on how fourth quarter goes, it now looks like closer to 5% than 10%.

FOOD. In first semester sales of processed foods to consumers were about 3½% above 1959; close to Commerce Department's forecast. About the same growth in second semester is expected. Increase is attributed mainly to population growth. Also, additional processing and packaging.

RUBBER. August was not too good a month. Below expectations. September data should reflect pick-up. Some 63% of rubber of all kinds goes into tires, tubes, and camelback. As autos go, so goes rubber.

COAL. No recession effects yet. Steel slowdown hurts, but exports are up. Little net change up to mid-September. Coal sales are down less than general business. Stocks have been pretty much used up. Cost of competing gas is rising and residual fuel oil is restricted. Net: maybe a little less business than seemed likely a few months ago.

BANKING



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If all the cars and trucks now being financed through Marine Midland banks were placed bumper to bumper, the line would reach more than 300 miles! Such loans require an intimate knowledge of values and people. Marine Midland banks' 174 offices know the communities they serve and the people in them. Can the banks with this knowledge work for you?

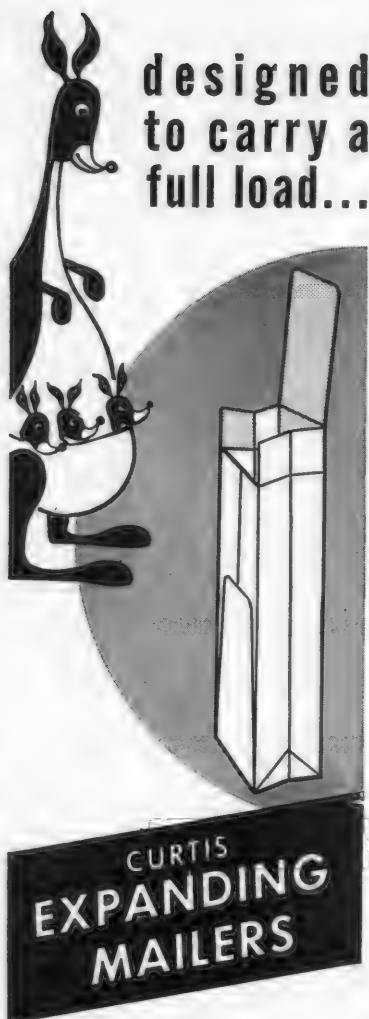
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New Books

PERSONAL DEDUCTIONS IN THE FEDERAL INCOME TAX. By *C. Harry Kahn*. Princeton University Press, Princeton, N. J. 237 pp. \$5. In this first comprehensive study of the problem the author assays the quantitative importance of the deductions in the aggregate and for each major one, and explores the reasons for enactment and basis for continuing the laws authorizing them.

Each major deduction is treated separately.

CHECKLIST FOR BUYING STOCKS. By *Gerald M. Loeb*. Simon & Schuster, New York. \$2. Broker Loeb offers, in this paperback, a working tool for individual investors in evaluating a stock. He stresses the importance of finding the "ruling reason" for a purchase, and provides worksheets with text that defines the criteria for buying, holding or selling.

THE COST OF FREEDOM. By *Henry C. Wallich*. Harper, New York. 178 pp. \$3.75. Subtitled "The Cost of Freedom," this book finds that the ultimate value of capitalism is free-

dom rather than production, and that freedom comes at a cost rather than a profit.

THE BRANCH BANKER. By *James Dandy*. Institute of Bankers, London. 226 pp. £1. Studies in bank lending in Britain, first published in the Institute's *Journal*.

THE CHANGING STRUCTURE OF COMMERCIAL BANKING. By *George E. Lent*. Amos Tuck School of Business Administration, Dartmouth College, Hanover, N. H. 22 pp. (Single copies free on request.) A review and analysis of unit-branch banking trends, concentration in banking, and the geographical redistribution of banking resources.

THE STATESMAN'S YEAR-BOOK, 1960-61. Edited by *S. H. Steinberg*. St. Martin's Press, New York, N. Y. 1,167 pages. \$9.50. This 97th edition of the "statistical and historical annual of the states of the world" has a number of new features, including trade alignments among European countries, latest USSR economic statistics, etc.

Statement of Ownership

† STATEMENT REQUIRED BY THE ACT OF AUGUST 24, 1912, AS AMENDED BY THE ACTS OF MARCH 3, 1933, JULY 2, 1946 AND JUNE 11, 1960 (74 STAT. 208) SHOWING THE OWNERSHIP, MANAGEMENT, AND CIRCULATION OF BANKING, JOURNAL OF THE AMERICAN BANKERS ASSOCIATION, published monthly at Concord, New Hampshire, for October 1, 1960.

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¶ 2. The owner is: (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding 1 percent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a partnership or other unincorporated firm, its name and address, as well as that of each individual member, must be given.) The American Bankers Association, 12 East 36 St., New York 16, N. Y. (A voluntary unincorporated association of banks); Carl A. Bimson, President, Valley National Bank, Phoenix, Arizona, Pres.; Merle E. Sealeman, 12 East 36 St., New York 16, N. Y., Executive Manager.

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¶ 5. The average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the 12 months preceding the date shown above was: (This information is required by the act of June 11, 1960 to be included in all statements regardless of frequency of issue.) 36,606.

WILLIAM R. KUHN, Editor

¶ Sworn to and subscribed before me this 28th day of September, 1960.

¶ Elizabeth Rautanen, Notary Public, State of New York, No. 31-8503250. Qualified in New York County.

† (My commission expires March 30, 1962.)

A canny man is Dan'l Doan:
He has a **BANKING** all his own.

No routing list delays for Dan—
He's up-to-date, a well-read man!

THE MAGAZINE PASS-A-ROUND
IDEA IS ALL RIGHT, BUT WHEN
YOU SWITCH TO A PERSONALIZED
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YOU'LL FIND IT'S BEST FOR
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- A personalized subscription to **BANKING** means tops in convenience. Monthly issues go wherever you say—at the bank or at home.

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BANKING

Journal of the American Bankers Association

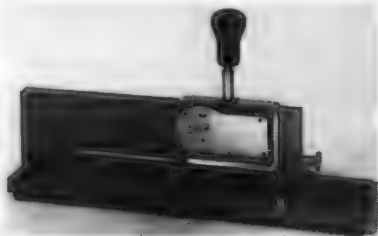


WHAT'S NEW

This department is compiled by ETHEL M. BAUER of BANKING's staff. Mention in this column does not constitute endorsement by the American Bankers Association.

PERSONS interested in and responsible for office planning and layout techniques may obtain from **Globe-Wernicke**, at no charge, a sample kit of scaled, three-dimensional plastic models. Each sample set, consisting of desk, partitions, file, and chair, may be had by writing on company letterhead to **Office Planning Division, Globe-Wernicke Co., Cincinnati 12, Ohio**. The complete *Techniplanner* kit of 750 precision-molded scaled components is also available to interested customers, on a loan or purchase basis, from **Globe-Wernicke** equipment dealers.

A JUMBO numbering machine, platform mounted, which permits easy numbering of file folders for vertical shelf filing, is being manufactured by



the **Roberts Numbering Machine Division**. The numbers are a full $\frac{5}{16}$ " high. Frame may be released easily and the head tilted to reposition the numbers when required. For literature and complete details, write to **700 Jamaica Ave., Brooklyn 8, N. Y.**

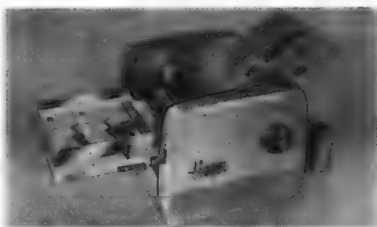
NEW timesaving signature verification method is being introduced by the **American Decalcomania Co.** The new system called *Ray-Glo* makes it possible for the saver to write his signature invisibly in his passbook through the use of a new specially



developed transfer material. The signature becomes brightly visible only when the passbook is placed under a *Ray-Glo* lamp which is kept in the teller's cage. For details write to **4344 West 5th Ave., Chicago 24, Ill.**

DESIGNED exclusively for data processing in accountancy is the new machine announced by **Monroe Calculating Machine Company**. The *P-03*, available in both single-register and duplex models, succeeds two earlier punch tape adding machine models, combining the features of both and offering several new. For further information write to the company at **Orange, N. J.**

AT THE touch of a lever, the new *Conquerer* automatic electric paper folder automatically feeds, folds and counts 110 sheets a minute, and deposits them through a belt delivery into a neat stack in an adjustable receiver. Accommodates paper 3 x 5 to 9 x 17 inches in size. Made by **Heyer, Inc., 1850 S. Kostner Ave., Chicago 23, Ill.**



BOOKLETS

A BOOKLET covering systems designed to improve customer service and increase efficiency within the various departments of a bank is available from **Acme Visible Records, Inc., Crozet, Va.**

ADAPTABLE to practically all ceiling systems, the new *Universal II Fluorescent Troffer* is fully described in a new multi-colored bulletin just released by the **Pittsburgh Reflector Company**. For a copy, write to **Box 432, Irwin, Pa.**

A HOLIDAY kit, with a selection of new 1960 Christmas letterhead and card ideas, is offered without charge by the **Rylander Company, 216 West Jackson Boulevard, Chicago 6, Ill.**

WORKWALL movable partitions and paneling are now available in nine different color-coordinated finishes. New *Workwall Catalogue No. 460* showing five wood-grain finishes and four pastel colors may be obtained without charge by writing to **Workwall Division, L. A. Darling Co., Bronson, Mich.**

Operation Preparedness is a new eight-page booklet prepared in the public interest by **Recordak Corporation**, a subsidiary of **Eastman Kodak Company**. It deals with protection of vital records in all types of financial institutions. Copies may be obtained without charge by writing to **Recordak Corporation, 415 Madison Avenue, New York 17.**

A 16-PAGE illustrated booklet that describes electronic demand deposit accounting on a contractual basis for banks is now available from **The Service Bureau Corporation**, a subsidiary of **I.B.M.** For copies of the booklet write to **425 Park Avenue, New York 22.**

Condensed
STATEMENT OF CONDITION

as of October 3, 1960

**FIRST CITY
NATIONAL BANK OF HOUSTON**

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



RESOURCES:

Cash and Due from Banks		\$229,486,280.19
U. S. Government Bonds	\$191,152,735.33	
Municipal Bonds and Warrants	13,528,050.89	
Federal Reserve Bank Stock	1,650,000.00	
Other Investments	<u>3,807,701.43</u>	210,138,487.65
Loans and Discounts		227,383,410.65
Federal Funds Sold		18,000,000.00
Bank Premises	\$ 21,642,500.00	
Furniture and Fixtures	1.00	
Other Real Estate	<u>24.00</u>	21,642,525.00
Interest on Securities and Other		
Income Earned—Not Collected		2,476,704.22
Customers' Liability on Letters of Credit		<u>5,095,000.63</u>
TOTAL RESOURCES		<u>\$714,222,408.34</u>

LIABILITIES:

Capital Stock		\$ 27,500,000.00
Surplus		27,500,000.00
Undivided Profits		<u>6,150,371.94</u>
TOTAL CAPITAL ACCOUNT		\$ 61,150,371.94
Reserve Accounts		6,009,454.66
Liability on Letters of Credit		5,095,000.63
DEPOSITS:		
Individual	\$457,919,146.72	
Banks	165,555,660.82	
Government	<u>18,492,773.57</u>	641,967,581.11
TOTAL LIABILITIES		<u>\$714,222,408.34</u>

Car Sizes and Shapes Are Evolving Backwards, Asterita Tells Credit Men

BIG automobile changes are in the offing, and they should key a new approach to handling this market which so affects the nation's economy, predicts Louis J. Asterita, deputy manager of the American Bankers Association and secretary of its Instalment Credit Committee.

The automobile industry has some connection with one out of every six business enterprises in the country; and some 50% of outstanding instalment loans are for the financing of automobiles. In these two directions at least, as well as in the direction of the 500,000 employed directly by the industry, its ups and downs have a very direct effect on our national economy. Speaking before the Consumer Bankers Association at White Sulphur Springs, Va., Mr. Asterita underscored the industry's importance by emphasizing these and other pertinent statistics.

He also made observations and predictions on car size, shape, and market changes that would have instalment credit significance. We're on our way back to the standard car size of 10 years ago, predicted Mr. Asterita. Today's large car will become the luxury car, much as some of the first small cars were a status symbol.

"The following developments," said Mr. Asterita, "appear to be taking shape for automobile financing during 1961, and as far as bank credit policies are concerned, this [following] course of action is sound.

"The small compacts will account for approximately 2,500,000 of total new car units sold.

"Terms on the lower-priced compacts and luxury compacts [should] be limited to 24 and 30 months, respectively. On the large luxury lines, present standards should be maintained and every effort must be made to resist lengthening of maturities.

"Within three years, as a result of the introduction of the luxury compacts—shorter, lower, narrower, cheaper, and gadgetless automobiles—the industry will revert back to standards of a decade ago. This . . . is the beginning of the automobile evolution or revolution and is another way of accomplishing price adjustment. The low-priced standards will dominate the automobile sales picture with the larger luxury cars commanding a very small percentage of the market. This may be a good thing for the industry, and should prove helpful to the dealer, so far as profits are concerned.

"In view of this development—the small compact and the luxury compact—more consideration should be given to real dollar equities. This would be a good time to adjust or revise our downpayment requirements and relate the retail advance to the true selling price. Equities in the period ahead must be considered on a more realistic basis. Ownership incentives should be one of the first considerations. This is strongly recommended when lending to purchase durable goods, or when buying instalment sales contracts from dealers. It makes little difference when credit is being considered primarily on ability or willingness to pay. True, this may be old-fashioned and may be wishful thinking, but a return to a realistic and practical approach would certainly be a healthy development at this time. We have been operating under unusually favorable economic and credit conditions over the past decade. Will we continue to be as fortunate in the next decade?"

The instalment credit banker, Mr. Asterita observes, has a responsibility to see that credit is extended wisely regardless of whether the future resembles the past in terms of car size or economic conditions.

BANKING'S Advertisers—November 1960

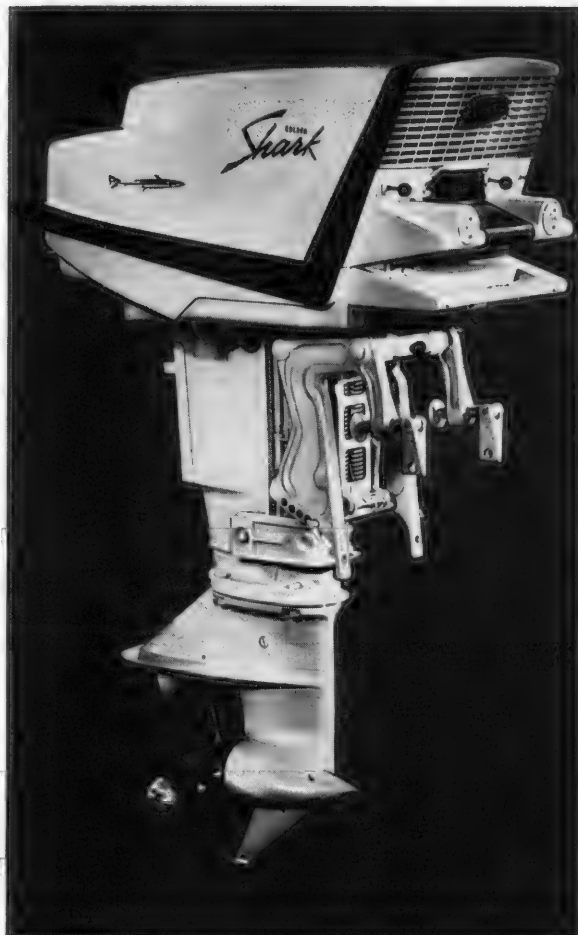
Allison Coupon Company, Inc.	130
American Appraisal Company	12
American Building Maintenance Company	Cover III
American Charts Company	146
American Collectors Association	136
American District Telegraph Company	90
American Plan Corporation, The	125
American Telephone & Telegraph Company	5
BANKING	74, 75, 169
Bank of Montreal	98
Bank of Tokyo, Limited, The	30
Barnett National Bank of Jacksonville, The	154
Bergstrom Paper Company	119
Brandt Automatic Cashier Company	135
Burroughs Corporation	116, 117
California Bank	88
Canadian Bank of Commerce, The	137
Chase Manhattan Bank, The	165
Chemical Bank New York Trust Company	155
Christmas Club a Corporation	131
Citizens National Bank, Los Angeles	149
City National Bank & Trust Company, Kansas City	134
Commerce Clearing House, Inc.	97
Commercial Factors Corporation	146
Connecticut Bank & Trust Company, The	122
Continental Illinois Bank & Trust Company of Chicago	21
Credit Life Insurance Company, The	22
Crocker-Anglo National Bank	127
Cunneen Company, The	124
Curtis 1000 Inc.	168
Dai-Ichi Bank, Limited, The	20
Delbridge Calculating Systems, Inc.	6
DeLuxe Check Printers, Inc.	149
Diebold Incorporated	129
Doane Agricultural Service, Inc.	144
Douglas-Guardian Warehouse Corporation	11
Dow Jones News Service	147

Eagle Picher Company, The	24, 25
Ever Ready Label Corporation	115
Exline, Inc., William	140, 154
Federal Life & Casualty Company	166
Financial Publishing Company	154
First City National Bank of Houston	171
First National Bank of Arizona	12
First National Bank of Boston, The	145
First National Bank of Chicago, The	102
First National Bank in Dallas	31
First National City Bank of New York, The	28, 29
Florist's Telegraph Delivery	73
Fort Worth National Bank, The	150
Friden, Inc.	7
Haloid Xerox, Inc.	139
Harris Trust & Savings Bank	15, 16, 17
Heller Roberts Manufacturing Corporation	158
Herring-Hall-Marvin Safe Company (A Division of Diebold, Incorporated)	153
Hongkong & Shanghai Banking Corporation, The	23
Industrial Bank of Japan, Limited, The	98
International Business Machines Corporation	133
Irving Trust Company	128
LaMonte & Son, George	13
Lawrence Warehouse Company, The	151
LeFebvre Corporation	157
Leopold Company, The	20
Livingston-Koster	140
Macton Machinery Company, Inc.	103
Manufacturers Trust Company	133
Marine Midland Corporation	167
Massachusetts Investors Trust	158
Morgan Guaranty Trust Company of New York	148
Mosler Safe Company, The	161
Muscular Dystrophy	154
Nascon Products Division of Eaton Paper Corporation	30

National Bank of Commerce of Houston, The	34, 35
National Bank of Detroit	159
National Cash Register Company	Cover IV
National City Bank of Cleveland, The	140
Old Republic Life Insurance Company	27
Philadelphia National Bank, The	95
Pittsburgh Plate Glass Company	76
Polk & Co., R. L.	36
Pusch, E. M.	158
Ralston Purina Company	93
Recordak Corporation (Subsidiary of Eastman Kodak Company)	70, 71
Remington Rand (Division of Sperry Rand Corporation)	87, 141, 142, 143
Rohm & Haas Company	Cover II
Royal Bank of Canada, The	101
Saab Motors, Inc.	118
Salvation Army	154
Sanwa Bank, Limited, The	21
Scarborough & Company	121
Smead Manufacturing Company	123
Standard Paper Goods Manufacturing Company	99
Sulzer	126
Supreme Steel Equipment Corporation	163
ThriftCheck Service Corporation	85
Time Industries	22
Timely Events	26
Tokai Bank, Limited, The	26
Union Pacific Railroad	132
United States Bronze Sign Company, Inc.	30
United States Steel Corporation	8, 9
Valley National Bank	162
West Bend Aluminum Company	173
Williams & Anderson Company	22

West Bend Announces An Unusual New Marine Dealer Franchise Plan...

"PROJECT---BELLWEATHER"



Last year more than 39,000,000 Americans went boating for fun, to make boating the No. 1 family participation sport in America. They purchased more boats, more motors and accessories than ever before. Outboard motor sales, for example, soared to a record 540,000 units. The whole industry reported sales of \$2,475,000,000 and experts predict a continued increase.

However, as in any growth or any booming business, marine retailers are facing many problems. Problems such as franchises, products, money, business management and selection of lines. Also, many persons without sufficient capital and experience are getting into the business.

West Bend's new franchise plan "PROJECT---BELLWEATHER" is based on a thorough study of the marine market. This study reveals that to run a profitable marine business, dealers need *protection of area* and *of franchises* if they are to maintain a sound and profitable business in the long run.

West Bend's "PROJECT---BELLWEATHER" provides this protection plus a comprehensive plan for long run business building. Here are some of the features of "PROJECT---BELLWEATHER"

Long term area protection based on boating potential.

A full line of motors ranging from a New Tiger Shark large HP motor through the proven Golden Shark 40, Silver Shark 25, 18, and 12, 7½ Special to the 2 HP Shrimp.

Full scale factory-service training schools for dealer personnel.

A complete year's warranty program on both parts and labor.

A field merchandising service for new national advertising backing in leading magazines.

A generous co-operative advertising program for building marine dealer strength in their own territories.

West Bend, famous for its aluminumware products, has been manufacturing quality outboard motors since 1945, and has the resources to put such a project into effect. Its home office is in West Bend, Wisconsin.

Many of your customers will be interested in
"PROJECT---BELLWEATHER."

If you would like further information on it, just drop us a line. We believe this to be a step forward in making this booming business a sound and profitable investment for good businessmen.

GROW WITH WEST BEND—FASTER



West Bend Aluminum Co.
Outboard Motor Division • Hartford, Wisconsin
West Bend Aluminum Co. (Canada) Ltd., Barrie, Ont

The OUTLOOK and CONDITION OF BUSINESS

(CONTINUED FROM PAGE 38)

American Management Association. As reported in *The New York Times*, "he thought that capital expenditures might drop sharply next year because of the difficulty of passing along price increases, because of increasing wage rates, and because of a slowing in technical efficiency."

A meeting of the President's top economic advisers in late September was reported in *Business Week* to have concluded that "gross national product and other major statistical indicators are not likely to make any big move either way very soon. This led to the hopefully expressed conclusion that, in retrospect, July and August may be seen as the low point in this period of hesitation."

Thus we have another word for it—"recession," "adjustment," or "hesitation."

Writing in *Nation's Business*, Dr. Marcus Nadler, professor of finance at New York University Graduate School of Business Administration, concludes that "although the over-optimistic predictions made early this year with regard to business activity in 1960 have not materialized, there are no basic maladjustments, and the economy as a whole is sound."

One Washington economist says that "things don't look especially good, but neither do they look downright bad."

Another believes that expectation of a downward trend is the easier position for an economist to take, for "the psychological situation comes into play."

Still another mentions public psychology as a big factor in the short-term outlook.

Two other commentators note this same factor. Prof. Raymond Rodgers of New York University, speaking at an apparel industry meeting, said: "Most of the talk is pessimistic, but most of the figures are optimistic. Men talk of recession, but all of the over-all measures of

business activity are at, or very near, record-breaking levels."

This inconsistency between talk and trends—and what it can lead to—is noted by Robert Van Cleave in C. F. Childs and Company's *Review*. He writes:

"Unquestionably, the business situation has deteriorated, especially in the last few weeks. Moreover, the views on the outlook one hears and reads appear to have worsened much more than the statistics themselves, unappetizing as they are. There is a real possibility that we may be facing a test of a theoretical proposition, viz., that we may be able to talk ourselves into a first-rate recession. For it is reasonable to think that if a sufficient number of people, as businessmen and as consumers, are convinced that a recession is inevitable they will act as if it were present. And so, in fact, it will be. Hardly a better practical example of the principle that thinking makes it so could be imagined than is given by the action of the bond and money markets thus far in 1960. A sufficient number of people became convinced in January that recession and easy money policies were certain at some time this year or next, so that rates must inevitably decline. And lo! it was so—immediately."

A Moment of Silence?

This tendency of the business community to talk itself into difficulties has been noted before, and in this column. It brings to mind the story of the restaurant owner who complained bitterly that his business was going to the dogs, for the line of waiting customers extended only out onto the sidewalks, whereas a few days before it had run halfway down the block.

It might be profitable to ponder the observation of Clarence L. Johnson of Lockheed Aircraft Corp. Mr. Johnson was advocating a policy of greater secrecy in military matters, but the national weakness he points out has much wider applicability. He said:

"As a nation we certainly run off at the mouth. Why can't we shut up and make things at least a little harder for our opponents?"

WILLIAM P. BOGIE

The Anatomy of Worry

IF American businessmen are harboring worries that run counter to some of the principal current business statistics, what is it they're worried about?

A recent "business issues and opportunities survey" by Dun & Bradstreet threw considerable light on this question. Officers of 1,225 large companies in 147 cities were queried. Included were 760 manufacturers, 220 wholesalers, 85 retailers, and 160 service industries (railroads, public utilities, construction, etc.).

The first question: "In your opinion, what is the most important single issue facing American business at this time? Over the next five to 10 years?"

For the group as a whole, the highest percentage named "the cost-price squeeze" for both the present (22.7%) and the 5-to-10-year period (19.2%).

Second place went to "competition from foreign goods," with 13.3% being concerned about it now, 18.1% for the future.

Other issues at the moment, in order of the percentage of

mentions received were "excessive power of the unions," "taxes," "international tensions," "inflation," "Government regulation," "recession—falling sales" (only 2.6%), "the forthcoming election" (also 2.6%), "preservation of free enterprise," "excess productive capacity," "lack of capital or financing" (1.6%, with no mention at all by any manufacturer), "Government spending," "uncertainty," "domestic competition."

The question "What is the most serious pitfall which your business faces at present?" again brought "cost-price squeeze" as the most frequent answer (24.8%). Second and third were, respectively, domestic and foreign competition.

The biggest opportunity to business now and in the foreseeable future was "development of new products and services."

To "What is the most important action the Government should take during the next administration to promote the health and growth of our economy?" nearly one-third answered "revamp the tax structure." "Spend less; balance the budget" was next choice. "Discontinue interfering with business" and "curb excessive union power" were about equal in third place.



OUR JOB: KEEPING KAISER'S MAGNIFICENT NEW HEADQUARTERS WHITE-GLOVE CLEAN

No job is too big for the Giant Janitor, and our recent assignment proves it. The new Kaiser Center, Oakland, California, is the largest office building west of Chicago; 980,000 square feet to be exact. It is only one of the thousands of buildings, large and small, that American services each year throughout the U.S. and Canada. Like to put our skill and experience to work for you? Just give us a call.

AMERICAN BUILDING MAINTENANCE CO.

CELEBRATING 50 YEARS OF OUTSTANDING JANITOR SERVICE
SERVING MORE THAN 40 CITIES THROUGHOUT THE U. S. AND CANADA

ADDRESS INQUIRIES TO 335 FELL ST., SAN FRANCISCO 2, CALIF. OR CONSULT YOUR TELEPHONE BOOK



Six More Sorters Delivered!

The Pitney-Bowes *National* * Magnetic Sorter . . . the *practical, proved* sorter . . . has been delivered to six more prominent banks.

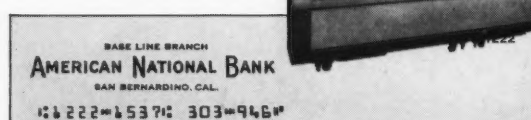
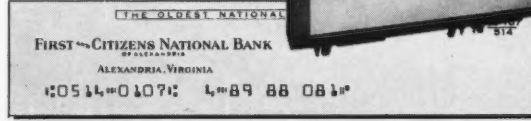
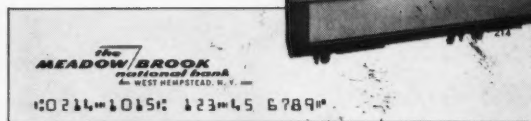
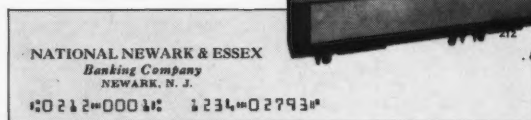
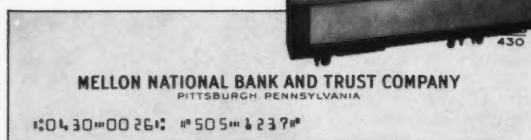
These banks are among the first to prepare for automated check processing methods considered most expedient for the clearing of 12 billion checks through our nation's banking system each year.

The Pitney-Bowes National Magnetic Sorter utilizes the most advanced principles of electronics as applied to Magnetic Ink Character Recognition (MICR) of the bankers' Common Machine Language.

This sorter . . . first to be demonstrated . . . first to be proved on actual bank check sorting work . . . is now produced on an increased manufacturing schedule. This facility . . . coupled with most exacting product-testing techniques . . . now provides for the delivery of sorters each week to banks—from coast to coast, and in each Federal Reserve District.

Your nearby National representative will be pleased to discuss the many advantages to be obtained through use of the Pitney-Bowes National Magnetic Sorter. He will answer your questions regarding MICR, magnetic ink imprinting and testing, and sorter installation planning and operating procedures. Call him *now*—it could be one of your most important calls **TODAY!**

THE NATIONAL CASH REGISTER COMPANY, Dayton 9, Ohio
1039 OFFICES IN 121 COUNTRIES • 76 YEARS OF HELPING BUSINESS SAVE MONEY



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